BRITISH COLUMBIA SECURITIES COMMISSION

ANNUAL REPORT • 2007/08

Invest

MESSAGE FROM THE CHAIR

I am pleased to report that the British Columbia Securities Commission achieved most of the objectives we set out for 2008 in our 2007/10 Service Plan. Here I want to highlight three significant steps we took toward achieving our mission:

- We worked with our colleagues in other provinces to successfully implement "Passport 2" for issuers, with an interface for Ontario, providing a simplified regulatory access to Canada's securities markets.
- We proposed and developed a five-part program to attack abusive practices by persons in British Columbia operating in the US over-the-counter securities market. When it is implemented, the program will give us the necessary tools to deal with this challenging market problem.
- We stepped up our early-intervention program aimed at warning investors about possible investment scams when we learn of them, without waiting to complete an investigation. Although we must act fairly when we intervene in business activities, we can do so in a way that gives priority to protecting investors.

IMPROVING CANADIAN REGULATION

For many years, we have been working with our colleagues in the Canadian Securities Administrators (CSA) to harmonize regulatory requirements, streamline filing and review procedures, and coordinate compliance and enforcement activities. This year, we completed harmonizing requirements for prospectuses and continuous disclosure. With our adoption of Passport 2 in March 2008, a company seeking to conduct a public offering or obtain an exemption from securities laws now has single-window access to Canadian markets by dealing only with its principal regulator and obtaining decisions only from the principal regulator and, if necessary, the Ontario Securities Commission.

Passport 2 takes Canadian regulation beyond the former mutual reliance system by making a principal regulator's decision to receipt a prospectus or grant an exemption effective automatically, by operation of law, in all passport jurisdictions. We expect to extend the passport system in 2009 to provide a similar process for registering dealers, advisers, and their representatives.

We support the government's view that the passport system offers the most promise for improving Canadian securities regulation by building on the strengths of Canada's existing regulatory structure. Through better coordination and cooperation among provincial regulators, we can make regulation more effective and less burdensome at the national level while maintaining the flexibility, innovation, and strong regional presence of our decentralized system. Along with our regulatory colleagues in other jurisdictions, we are committed to making passport work for all market participants. To maximize efficiency, we have made passport available to Ontario market participants. We continue to invite our Ontario colleagues to join passport and make it a pan-Canadian system.

MESSAGE FROM THE CHAIR

continued

CRACKING DOWN ON ABUSIVE MARKET BEHAVIOUR

We have a serious market problem in British Columbia. A disproportionately large number of unscrupulous promoters operate from within the province, conducting abusive activities through the over-the-counter markets in the United States. Although the victims are usually not BC investors, the promoters' visible connections to BC damage the reputation of our market and can undermine investor confidence in legitimate BC businesses.

Enforcement alone cannot deal with the problem. For this reason, we are taking a multi-faceted approach, using a variety of tools to attack the problem.

RESPONDING TO THE CREDIT CRUNCH

Since July 2007, credit markets around the world have been affected by the rising default rates on sub-prime mortgages in the United States, the transmission of losses to investors in many countries through the securitized debt instruments that financed the mortgages, and the resulting loss of investor confidence in affected credit markets and financial institutions. The Canadian market for non-bank, asset-backed commercial paper (ABCP) was disrupted, seriously affecting both retail and institutional investors, despite the very limited direct exposure of Canadian ABCP issuers to sub-prime mortgages. CSA members have been reviewing the causes and implications of the credit market disruption, in conjunction with foreign securities regulators and with other Canadian financial regulators. In addition to investigating any alleged market misconduct, we are examining possible policy changes related to the use of credit ratings in securities regulation, accounting treatment of special investment vehicles, transparency of risk exposures of public issuers in the banking sector, and the due diligence practices of investment intermediaries such as mutual fund managers and investment dealers. Any proposals that arise from this review will be published for comment.

STRENGTHENING ENFORCEMENT

For a second year, we conducted primary research in cooperation with our CSA colleagues, and published the *CSA 2007 Investor Study: Understanding the Social Impact of Investment Fraud*. The study showed that over 90% of Canadians do not believe the criminal justice system as a whole treats investment fraud as seriously as other crimes. Seventy percent of Canadians feel fraud artists get away with their crimes and that, even when caught, they get off with a light sentence. Canadians are clearly concerned that the "system" takes fraud too lightly.

As the public and media focus more attention on investment fraud, we have to explain clearly the roles of regulatory enforcement, for which our Commission is responsible, and criminal enforcement. Regulatory and criminal enforcement serve different and complementary ends. Criminal enforcement aims to punish offenders through serious penalties, including jail, and the stigma of conviction. By contrast, regulatory enforcement aims to prevent future misconduct through monetary penalties and disqualification from the market.

To strengthen criminal enforcement in British Columbia, we worked closely last year with the police and Crown counsel to help them investigate and prosecute more cases. We were encouraged that Crown counsel approved charges during the year in three cases of alleged *Securities Act* violations investigated by BCSC enforcement staff. We also worked with the RCMP in two ways to support improvement in the performance of the Integrated Market Enforcement Team (IMET). First, we provided input to the special expert adviser appointed by the federal government to review IMET. Second, we withdrew the single investigator we had assigned to IMET and committed instead to assign investigators with appropriate expertise on a case-specific basis. We will continue to seek opportunities to contribute to developing a more effective criminal deterrent to securities fraud in Canada. Read more about enforcement on pages 15 and 22 and in the Enforcement Report, beginning on page 56.

FINANCIAL PICTURE AT YEAR-END

Securities market participants fund our operations through filing fees. We aim to break even over the business cycle. During the year under review, we generated an operating surplus of $5.4 million, due to stronger-than-anticipated market activity. In particular, we received higher-than-expected fees from mutual fund and exempt market securities distributions.

Operating expenses did not increase during the year. Because of position vacancies and less external legal consulting, our salaries and professional fees were significantly below budget. Most other operating expenses were also lower than expected. Due to efficiency improvements and effective cost management, our fiscal 2008 operating expenses were only 2.5% (0.7 million) higher than fiscal 2003 operating expenses. Please read the full financial report for details, beginning on page 32.

CHANGES TO THE BOARD

Commissioner Robin Ford left the BCSC at the end of 2007, having made significant contributions over the three-and-a-half years she was with us. Four independent commissioners retired at the end of the fiscal year when their terms ended. John Graf served the BCSC for nine years, heading the audit committee for most of that time and rendering many significant decisions in high-profile hearings. Neil Alexander, Marc Foreman, and Robert Milbourne all served for six years, each bringing a unique viewpoint and business-area strength to BCSC policy and oversight discussions as well as to enforcement hearings.

Shortly after the end of the year we welcomed Bradley Doney, Don Rowlatt, and Shelley Williams to the board as independent commissioners.

THANK YOU TO BCSC STAFF

Each year we challenge staff to look for new and innovative ways to fulfill our mandate and manage the risks that arise in an ever-changing market. We make every effort to engage and empower staff and then hold them accountable for the results we all commit to in the annual service plan. It's a lot to ask, yet every year our people rise to the challenge with dedication and creativity. I am very proud to lead this organization and I thank all staff for their commitment to protecting investors and the integrity of BC's capital markets. Their dedication is evident in the achievements noted in this report.

STATEMENT OF ACCOUNTABILITY

This report was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the contents of the report, including what has been included and how it has been reported.

We have prepared the information presented in accordance with the BC Reporting Principles. It reflects the actual performance of the BC Securities Commission for the twelve months ended March 31, 2008 in relation to the 2007/10 Service Plan. It contains no significant variations from that service plan. We identify minor departures in the appropriate sections and summarize limitations on the reliability of our data on our website.

The measures we present are consistent with the BCSC's mission and goals and focus on outcomes that are critical to our organization's performance. I am responsible for ensuring that internal controls are in place so that we measure performance information accurately and in a timely fashion.

The report contains estimates and interpretive information that represent the best judgment of management. In preparing it, we have considered all significant decisions, events, and identified risks as of June 5, 2008.

DOUGLAS M. HYNDMAN
Chief Executive Officer, Chair

EXECUTIVE DIRECTOR'S COMMENTARY

INNOVATION THROUGH COLLABORATION

The BC Securities Commission adopted a problem-solving, outcomes-focused approach to securities regulation roughly four years ago and it has been my personal goal as executive director to support this approach by fostering an internal culture of collaboration.

Collaboration can occur in myriad ways, but at its Latin root it simply means, "working together". I am very pleased to report that our Commission's growing practice of collaboration is sparking greater innovation, whether we are working together across internal functional boundaries, on national committees with fellow regulators from all jurisdictions, or consulting with market participants whose businesses regulation impacts.

The second phase of the passport system (Passport 2) represented national collaboration in which BCSC staff figured prominently. This was not just on the policy development side, where our professionals led numerous passport-related work projects. It was also in the area of communications and education, where stakeholder consultation was vital to creating awareness and understanding of the passport benefits. Information management systems staff were also involved, expanding the BCSC's e-filing processes to efficiently serve market participants wherever they do business in Canada.

Working together with our colleagues in other jurisdictions, BCSC staff are striving to make passport truly seamless. Behind-the-scenes national cooperation is already delivering fair and consistent decisions regardless of principal regulator. A system of multi-jurisdictional consultation on novel filings is also in place to capitalize on recognized areas of expertise and ensure consistent treatment in all jurisdictions.

Shortly after year-end, our Commission published new registration requirements, designed to increase accountability for dealers active in US over-the-counter markets. In a move to increase transparency for the investing public, we also published new disclosure rules for issuers trading over-the-counter securities. Much of the effort we spent building the foundation for this innovative regulatory solution involved extensive consultation with dealers, issuers, and their professional advisors. We make every effort to be accessible to stakeholders for two key reasons: market participants who understand the rules under which they operate are far better able to comply; at the same time, consultation gives the Commission insight into the business impacts of the regulation we impose.

During the year, we also applied our problem-solving methodology to further our objective to mitigate the risks that unsuitable investments pose to investors. We worked closely with the Investment Dealers Association[1] and the Mutual Fund Dealers Association to explore options to strengthen investor protection in this area. Our work on this risk will continue in fiscal 2009.

RESEARCH-BASED INVESTOR PROTECTION

Investor education, and research about investor knowledge and attitudes, is an important part of securities regulation and complements the Commission's vigorous enforcement efforts. We want to understand how and why investors are vulnerable to various types of fraud. We then want to use that knowledge to help "street-proof" investors and encourage them to report fraud so we can intervene earlier.

To this end, we joined with our colleagues in other jurisdictions last year to conduct a second national research survey on the nature and impact of investment fraud. The *2007 CSA Investor Study* focused on the social impact of investment fraud. We discuss other study findings elsewhere in this report, but what was particularly revealing was that the first, and greatest, casualty of fraud is loss of trust.

Half the fraud victims surveyed were introduced to the fraud through an existing relationship of trust. Fraud victims reported that they were less likely to trust people in general. Those who lost $10,000 or more reported that the loss affected their physical and mental health. These are experiences we associate more with crimes like robbery and assault. They contradict the long-held assumption that white-collar crime is a victimless crime. It follows that we identified "securities fraud" as a strategic risk for fiscal 2009 and are stepping up our efforts to disrupt, stop, and prevent it with new strategies, on which we will report next year.

1. Now the Investment Industry Regulatory Organization of Canada.

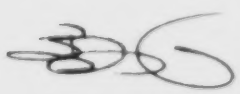
RAISING OUR PROFILE

Both the 2006 and 2007 investor studies showed that only about a third of Canadians are familiar with the securities regulator in their province. In response, we increased our efforts to ensure that retail investors know about the BC Securities Commission so they can seek information about how to protect themselves and report suspicious investment activities. We launched a comprehensive newspaper and radio advertisement campaign, toured the province giving InvestRight seminars, and funded the investor education activities of our partners in an effort to reach more people in BC. Our executive management team also delivered keynote speeches, gave media interviews, and spoke to the business communities in Vancouver and Victoria.

ON BECOMING A TOP SECURITIES REGULATOR

I am proud to report on the results of our most recent employee engagement survey, conducted by the Hay Group in June 2007. Eighty-one per cent of BCSC staff participated in the survey, in itself a sign of engagement, and rated the Commission eight points above the North American norm in all engagement areas. BCSC staff reported positively about the Commission's leadership, management, their own work, and the respect they receive. They consider the BCSC an above-average employer across the board and well above average in many areas.

We could never hope to fulfill our vision of being a leader among securities regulators without the high-performing, highly creative people who choose to make our Commission their workplace.



BRENDA M. LEONG
Executive Director

ORGANIZATIONAL OVERVIEW

BCSC VISION

To play a leading role in securities regulation that inspires investor confidence and supports fair, efficient, and innovative Canadian capital markets.

MISSION

The BCSC is the independent provincial government agency responsible for regulating securities trading in British Columbia through the administration of the *Securities Act*. Our mission is to protect and promote the public interest by fostering:

- A securities market that is fair and warrants public confidence
- A dynamic and competitive securities industry that provides investment opportunities and access to capital

Our values and performance management system guide our commitment to smarter regulation and help us keep pace with fast-evolving capital markets.

ENABLING LEGISLATION

The BCSC's enabling legislation is the *Securities Act*, RSBC 1996, c. 418.

We are accountable to the provincial legislature and the public through the Minister of Finance, to whom we submit our annual report and audited financial statements. We submit our three-year service plan to the provincial Treasury Board as required by the *Securities Act* and the *Budget Transparency and Accountability Act*.

SHAREHOLDER'S LETTER OF EXPECTATIONS

The provincial government sets out its expectations of the BCSC in the Shareholder's Letter of Expectations. Through our policy work described under Goal 4, we address the following expectations set out by the government:

- Propose legislation that streamlines, simplifies, and harmonizes current legislation with other jurisdictions, while strengthening investor protection and reducing regulatory burden on business
- Continue to work with other provinces, the federal government, and committees tasked with developing new securities legislation and regulatory models

GOVERNANCE

A Board of up to 11 commissioners appointed under the *Securities Act* governs the BCSC. The commissioners have three categories of responsibilities. They:

- Review and approve the development and implementation of securities legislation, regulations, rules, policies, and guidance, and oversee the self-regulatory organizations (SROs)
- Act as adjudicators on applications for review of SRO and exchange decisions and enforcement matters brought under the *Securities Act*
- Act as the BCSC's board of directors, overseeing the BCSC's management, operations, and financial affairs

VICE CHAIR
Brent Aitken

CHAIR
Douglas Hyndman

COMMISSIONERS
Bradley Doney
Kenneth Hanna
Don Rowlatt
David Smith
Shelley Williams
Suzanne Wiltshire

GENERAL COUNSEL
David Thompson

EXECUTIVE DIRECTOR
Brenda Leong

SECRETARY TO THE COMMISSION
Ann Gander

SPECIAL ADVISOR
Louyse Gauvin

ECONOMIC ANALYSIS OFFICE
Christina Wolf, Economist

CAPITAL MARKETS REGULATION
Sandra Jakab, Director

COMMUNICATIONS & EDUCATION
Patricia Bowles, Director

CORPORATE FINANCE
Martin Eady, Director

ENFORCEMENT
Lang Evans, Director

HUMAN RESOURCES & ADMINISTRATION
John Hinze, Director CFO

INFORMATION MANAGEMENT
Peter Grant, Director CIO

Our governance policy is posted on the BCSC website. Except where noted in the policy, the board's governance practices meet the government's *Best Practice Guidelines—BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations* (2005, Board Resourcing and Development Office).

The governance policy requires that we disclose the following information about the Commission in the annual report:

WAIVERS. The Commission has an ethics and conduct policy. The Board granted no waivers from that policy during the year.

COMMISSIONER COMPENSATION AND ATTENDANCE RECORDS. Please refer to page 37 in the financial report for the names of the commissioners, their attendance records, and their compensation.

COMPENSATION CONSULTANTS. Please see page 38 in the financial report for information on the compensation consultants retained this year to coordinate an employee salary survey and to assist in determining compensation for commissioners.

TEMPORARY COMMITTEES. The Board formed no temporary committees during the year.

COMPLIANCE WITH GOVERNANCE POLICY AND PROCEDURES. There were no deviations from the governance policy this year.

VICE CHAIR
Brent Aitken

CHAIR
Douglas Hyndman

COMMISSIONERS
Bradley Doney
Kenneth Hanna
Don Rowlatt
David Smith
Shelley Williams
Suzanne Wiltshire

GENERAL COUNSEL
David Thompson

EXECUTIVE DIRECTOR
Brenda Leong

SECRETARY
TO THE COMMISSION
Ann Gander

SPECIAL ADVISOR
Louyse Gauvin

ECONOMIC ANALYSIS OFFICE
Christina Wolf, Economist

CAPITAL MARKETS REGULATION
Sandra Jakab, Director

COMMUNICATIONS & EDUCATION
Patricia Bowles, Director

CORPORATE FINANCE
Martin Eady, Director

ENFORCEMENT
Lang Evans, Director

HUMAN RESOURCES & ADMINISTRATION
John Hinze, Director CFO

INFORMATION MANAGEMENT
Peter Grant, Director CIO

Our governance policy is posted on the BCSC website. Except where noted in the policy, the board's governance practices meet the government's *Best Practice Guidelines—BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations* (2005, Board Resourcing and Development Office).

The governance policy requires that we disclose the following information about the Commission in the annual report:

WAIVERS. The Commission has an ethics and conduct policy. The Board granted no waivers from that policy during the year.

COMMISSIONER COMPENSATION AND ATTENDANCE RECORDS. Please refer to page 37 in the financial report for the names of the commissioners, their attendance records, and their compensation.

COMPENSATION CONSULTANTS. Please see page 38 in the financial report for information on the compensation consultants retained this year to coordinate an employee salary survey and to assist in determining compensation for commissioners.

TEMPORARY COMMITTEES. The Board formed no temporary committees during the year.

COMPLIANCE WITH GOVERNANCE POLICY AND PROCEDURES. There were no deviations from the governance policy this year.

ADVISORY COMMITTEES

We have four advisory committees that help us accomplish our mission:

SECURITIES LAW ADVISORY COMMITTEE

The Securities Law Advisory Committee (SLAC) advises the Commission on rules and policy initiatives and provides feedback on regulatory trends and emerging issues. SLAC is an important link for communication between the Commission and securities lawyers. The committee has up to 12 members. Members serve for staggered terms of three years, renewable for one additional term of three years. The vice chair of the Securities Law Section of the Canadian Bar Association's BC Branch also serves on the committee during his or her one-year term of office.

SECURITIES POLICY ADVISORY COMMITTEE

The Securities Policy Advisory Committee (SPAC) advises on administrative, regulatory, and legislative matters affecting the operation of the securities markets in the province, and provides feedback on emerging issues. The committee members represent a cross-section of expertise and cover a broad spectrum of securities market activities in BC. The committee has up to 12 members. Members serve for staggered terms of three years, renewable for one additional term of three years.

PUBLIC COMPANY TECHNICAL FORUM OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BC

This body of the Institute of Chartered Accountants of BC offers an opportunity for practicing accountants serving publicly-traded companies to discuss their observations and concerns with BCSC and TSX Venture Exchange representatives. It also allows the BCSC and the exchange to consult with accounting professionals on future securities regulation policy directions and the possible impact on public companies and their auditors.

CSA MINING TECHNICAL AND MONITORING COMMITTEE

This committee of mining industry technical representatives serves as a forum for continuing communications between the mining industry and the CSA. For example, the committee advises the regulators about issues related to National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, mining industry and professional developments, and other matters related to securities regulation. There were 15 industry committee members in fiscal 2008, including six from BC, and one observer each from the Toronto Stock Exchange (TSX) and TSX Venture Exchange.

In addition to these advisory committees, we consult on a less formal basis during the year with stakeholders including senior executives of public companies, institutional investors, hedge fund managers, investment and mutual fund dealers and their SROs, as well as litigators who appear before the Commission.

KEY STAKEHOLDERS

- *The public*—which relies on us to foster capital markets that contribute to the economic well being of British Columbia
- *Investors*—both retail and institutional, who seek to invest their savings in fair and efficient securities markets
- *Issuers*—public and private companies that rely on the capital markets to fund growth and diversification
- *Securities firms*—registered to provide investment services to both users and suppliers of capital
- *Other Canadian regulators*—with which we develop and implement initiatives through the Canadian Securities Administrators
- *The provincial government*—to which we are accountable

STAFFING & FUNDING

We are committed to operating the BCSC on a break-even basis with a stable, relatively small, and highly efficient staff. The chart below compares staffing and funding over four years, along with our expectations for fiscal 2009.

			ACTUAL		PROJECTION
FISCAL YEAR	2005	2006	2007	2008	2009
Staffing	195	191	189	186	198
Operating expense	$26.7 million	$27.4 million	$28.5 million	$28.4 million	$30.6 million

ACTIVITY STATISTICS

FISCAL YEAR	2004	2005	2006	2007	2008
Registrants[1]	18,478	25,090	26,815	28,463	30,365
Active reporting issuers	6,206	6,366	6,245	6,316	6,505
Mutual fund prospectus filings	2,390	2,649	2,410	2,518	2,655
Prospectus filings *(non-mutual fund)*	628	634	699	851	878
Initial public offerings receipted[2]	196	277	306	307	409
Continuous disclosure reviews	287	721[3]	204	289	168[4]
Annual information forms	631	1,039	1,691	1,913	1,979[5]
Cease trading orders *(reporting issuers)*	360	314	226	338	230
Exemption applications	478	442	433[6]	405[7]	384

1. *Figures for fiscal 2005, 2006, and 2007 drawn from the National Registration Database (NRD). The fiscal 2004 figure is an estimate, as NRD was not in place to provide a definite number.*
2. *Initial public offerings are a subset of all prospectus filings.*
3. *The number of continuous disclosure reviews in fiscal 2005 was significantly higher because we did a special management discussion and analysis review. This figure is not comparable to prior or subsequent years.*
4. *Continuous disclosure reviews declined in fiscal 2008 because staff were reassigned to handle the high volume of initial public offerings.*
5. *Approximately 300 issuers filed two AIFs in the year because of a cycle change that caused the due date to fall within fiscal 2008.*
6. *We received a total of 433 applications in fiscal 2006, not 372 as reported in the 2006/07 annual report. The original report included applications received by the Corporate Finance division but not those received by the Capital Markets Regulation division.*
7. *We received a total of 405 applications in fiscal 2007, not 352 as reported in the 2006/07 annual report. The original report included applications received by the Corporate Finance division but not those received by the Capital Markets Regulation division.*

ASSESSING STAKEHOLDER SATISFACTION

We assess stakeholder satisfaction in part by surveying those who file applications with our Capital Markets Regulation and Corporate Finance divisions. We ask them if we were prompt, professional, and objective, and if we kept them informed on the progress of their applications.

DIVISION	INDUSTRY GROUP SURVEYS	05/06 ACTUAL	06/07 ACTUAL	07/08 TARGET	07/08 ACTUAL	08/09 TARGET
Capital Markets Regulation	Firm, SRO, applicant satisfaction	93%	86%	80%	92%	80%
Corporate Finance	Issuer, applicant satisfaction	94%	91%	80%	87%	80%

CORE BUSINESS AREAS

COMPLIANCE

Our goal is to foster a culture of compliance. Investors are better protected if securities firms and securities issuers understand and comply with their regulatory obligations. We can achieve this in part by encouraging these organizations to have effective compliance systems and controls in place, thereby reducing the cases where we need to intervene.

We rely on the Investment Industry Regulatory Organization of Canada (IIROC)[1] and the Mutual Fund Dealers Association of Canada (MFDA) to oversee their member firms. We directly regulate BC-based issuers, BC-based or BC branch offices of registered firms not under IIROC or MFDA supervision, and other market participants doing business in BC. The Corporate Finance division monitors disclosure by companies and insiders. The Capital Markets Regulation division oversees non-SRO firms and their employees, the SROs themselves, and marketplaces operating in BC.

CSA share responsibility for overseeing three SROs and several marketplaces. Each SRO has a CSA regulator leading the oversight work, subject to monitoring by the other CSA jurisdictions. The BCSC is the lead regulator for the MFDA. The BCSC and the Alberta Securities Commission share lead regulatory responsibilities for overseeing the TSX Venture Exchange.

1. Formerly the Investment Dealers Association and Market Regulation Services Inc., which merged on June 1, 2008.

ENFORCEMENT

Our goal is to act decisively against misconduct. Decisive action depends on open channels for receiving tips, timely complaint reviews, targeted surveillance to detect misconduct, thoroughly investigating suspected securities laws breaches, and resolving cases through timely settlements and administrative hearings.

Our Enforcement division focuses on cases with a strong BC connection, whether local or national. For example, when cases with national implications emerge involving a BC-based market participant, we usually take the enforcement lead. We also work with other regulators, self-regulatory organizations, and policing agencies to enforce our rules. Cases involving SRO member misconduct are most often dealt with directly by the respective SRO.

INVESTOR EDUCATION

Our goal is to help investors protect their financial interests. We want investors to have the confidence to research and assess potential investments, including their legitimacy, before they part with their money. Research tells us that many adults today lack the skills they need to make sound investment decisions. For this reason, our Communications & Education division develops programs that focus on financial life skills using a life-cycle approach, which recognizes that young people with a proper financial education become more confident adult investors.

BC is one of only two Canadian provinces providing mandatory financial learning programs for youth. The BCSC supports the Planning 10 curriculum for BC high school students with a comprehensive financial life skills teaching resource that covers essential topics including budgeting, saving, investing, and investment fraud.

Our adult education targets seniors and pre-retirees, two groups we know to be particularly vulnerable to investment fraud. If they fall victim to a fraud, the financial impact can be serious since they have less time than younger adults to recover their losses. We offer tools and information to help investors avoid and report investment fraud through our website resource, *investright.org*.

POLICY-MAKING

Our goal is to advance cost-effective regulation primarily through our work with CSA. Policy-making is a key regulatory tool we use to protect investors and foster fair and competitive markets. We have the authority under the *Securities Act* to make rules. We also issue guidance to help market participants understand our requirements. Our Corporate Finance and Capital Markets Regulation divisions work to harmonize rules and guidance among all CSA jurisdictions and minimize compliance costs for all market participants.

Market participants can apply for exemptions from our rules. The passport system implemented in March 2008 reduces the costs of these applications for market participants. This is because, for most exemptive relief applications, they deal with and pay fees to only their home jurisdiction regulator, which issues a decision that has automatic effect in other passport jurisdictions.

BCSC OPERATING CAPACITY

Our resources We support our core business areas by recruiting and retaining qualified staff, developing and maintaining reliable information management systems, and managing our operations cost-effectively. We rely on a disciplined approach to resource allocation and capacity management, which includes strategic planning and enterprise risk-management to prioritize risks and opportunities, rigorous project approval standards for significant projects, and succession planning to safeguard key competencies.

Our people Most critical to our success are the skills and motivation of our staff, many of them professionals with specialised securities market expertise. The market we regulate is characterized by rapid innovation and complex, market-driven products and transactions. We attract and retain the highly-skilled, qualified, and motivated staff we need by offering a competitive compensation plan, challenging work, personal development opportunities, and policies to support work-life balance. Results of our most recent staff engagement survey, conducted in June 2007, show that staff rank the BCSC above the North American norm in all engagement areas and well above in many areas, including having challenging and interesting work, good use of their skills and abilities, and alignment of their work with the Commission's strategic goals.

We planned to add 3.25 full-time equivalent (FTEs) staff positions in fiscal 2008, but ended the year with a staffing decrease from 189 to 186 FTEs due to recruiting challenges caused by the strong market for professionals with securities market expertise. Project re-prioritization and the commitment of existing staff helped us to continue to meet key strategic and operational objectives through this period.

SERVICE DELIVERY

Although our statutory mandate is to regulate BC capital markets, the BC Securities Commission is part of a national securities regulation system. This significantly affects how we do our work and influences how we think about securities law and policy, and how we implement them in BC.

There is broad consensus among stakeholders that a system of regulation that is highly harmonized among all jurisdictions in Canada will best serve the interests of both industry and investors. We therefore coordinate our work as much as possible with the other members of CSA. All CSA jurisdictions strive to minimize differences of policy and procedure to achieve the appropriate level of harmonization throughout the country.

We also devote significant resources to leading CSA's efforts to implement the passport system. Governments in all provinces and territories except Ontario have adopted legislation to support this system. Our goal is to harmonize and streamline securities regulation in Canada and make the regulatory system simpler, faster, and cheaper for market participants to use. In March 2008, CSA members in the participating jurisdictions implemented the passport system for continuous disclosure, prospectuses, and discretionary exemptions. In addition, all CSA members, including the Ontario Securities Commission (OSC), implemented new national policies for the filing and review of prospectuses and discretionary exemption applications.

Under the CSA umbrella and powers provided in the Act, we rely on two self-regulatory organizations to perform key regulatory functions related to investment dealer and mutual fund dealer firms, and trading activity on Canadian equity marketplaces:

- Investment Industry Regulatory Organization of Canada[1], which regulates investment dealers and equities trading on Canadian marketplaces, including the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Trading and Quotation System (CNQ), and other marketplaces
- Mutual Fund Dealers Association of Canada, which regulates mutual fund dealers

ENFORCEMENT COOPERATION

In Canada, we routinely cooperate and coordinate domestic enforcement matters with other regulators through CSA, exchanging information formally and informally on a near-daily basis to the full extent that the laws in each jurisdiction allow. Reciprocal orders, in which enforcement actions in one jurisdiction are upheld in another, are an important part of our enforcement landscape.

In North America, we regularly cooperate and coordinate with US federal and state regulators in enforcement matters.

Internationally, we have formal bilateral memoranda of understanding (MOUs) with specific foreign regulators and a multilateral MOU (MMOU) with other IOSCO members. These establish processes and expectations for regulators assisting each other in gathering information for investigations.

In addition, we are active in the following organizations that represent North American, pan-American, and international securities regulators, respectively:

- *North American Securities Administrators Association (NASAA)*—an organization of Canadian provincial, American state, and Mexican federal securities regulators
- *Council of Securities Regulators of the Americas (COSRA)*—a forum for mutual cooperation and communication among securities regulators in North, South, and Central America, and the Caribbean. COSRA focuses on investor protection, market integrity, regulatory cooperation, and information-sharing
- *International Organization of Securities Commissions (IOSCO)*—the international authority for global cooperation related to regulatory standards, surveillance, enforcement, and information exchange among securities regulators

During the year, we received 32 formal requests for assistance from US federal and state authorities, including the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC). We extended 11 formal requests for assistance to the SEC and CFTC, and nine formal requests to the UK Financial Services Authority and other foreign authorities.

1. During the year under review, CSA regulated the Investment Dealers Association of Canada and Market Regulation Services Inc. as two separate entities. The IDA and RS merged on June 1, 2008.

REPORT ON PERFORMANCE

This section describes each goal, the strategies supporting it, and the measurable progress we made during the year towards achieving them all.

GOALS

Four goals support our mission:

GOAL 1: *Promote a culture of compliance*

GOAL 2: *Act decisively against misconduct*

GOAL 3: *Educate investors*

GOAL 4: *Advance smart rule-making and guidance*

RISKS

We use a structured risk management framework to help identify the most serious threats, or risks, to our mission. This framework gives us confidence that the following risks, which we have focused on for the past three planning cycles, deserved regulatory attention during the year.

RISK 1: *Unsuitable investments*

When brokers or financial advisers make unsuitable investment recommendations and breach their suitability obligations under the *Securities Act*, investors end up with investments in their portfolios that are not right for them.

RISK 2: *Investment fads*

Investment fads lead investors to invest unwisely in popular, and often complex, securities whose risks they do not fully understand.

RISK 3: *Abusive junior market practices*

Abusive junior market practices undermine the confidence that investors have in BC companies. They harm the reputation and competitiveness of the BC market overall and the interests of BC companies seeking to raise money outside the province.

MEASUREMENTS

Performance measurements for each goal help us, and our stakeholders, to assess our performance. We select measurements based on the following criteria:

- *Connection to our goals.* We choose measurements that will assess our progress in achieving our goals and, through them, our mission.
- *Longevity.* We choose measurements that we will be able to track over several years, and whose trends will provide valuable information for improving our performance.
- *Measurability.* We choose measurements for which we can collect accurate data and form baselines in a timely way.

OUR MISSION IS TO PROTECT AND PROMOTE THE PUBLIC INTEREST BY FOSTERING A SECURITIES MARKET THAT IS FAIR AND WARRANTS PUBLIC CONFIDENCE AND BY FOSTERING A DYNAMIC AND COMPETITIVE SECURITIES INDUSTRY THAT PROVIDES INVESTMENT OPPORTUNITIES AND ACCESS TO CAPITAL.

Some measurements track the overall progress we are making towards achieving our goals. Others measure key operational processes critical to the delivery of an efficient and effective regulatory system. We increased our measures from eight to 13 in the fiscal 2008 planning cycle, bringing forward four and introducing or revising nine others, which better reflect some of the outcomes we seek. For a detailed review of our data, collection method and frequency, limitations, and controls, see Summary of Performance Measurement Systems.

BENCHMARKS

Each year we look for opportunities to benchmark. In fiscal 2008, we attempted to benchmark regulatory filing fees as a measure of our competitiveness with other Canadian regulators, but abandoned the measurement because the BCSC's overall fee in pact is already lower than that in other major jurisdictions. We continue to test other methods for benchmarking competitiveness. In most other areas we collect data quite differently from our CSA colleagues because our measurement program focuses on outcomes. This makes benchmarking difficult as there is either no comparable data or the other jurisdictions track similar data in different ways.

GOAL 1 / PROMOTE A CULTURE OF COMPLIANCE

Investors are better protected if securities firms and issuers of securities understand and comply with their regulatory obligations. Our regulations impose duties on these organizations to have effective compliance systems and controls in place. Regulatory intervention should only occur occasionally as a corrective measure. We promote compliance by setting clear expectations for market participants and then overseeing conduct through examinations and compliance actions. When we perform our compliance function efficiently, compliance costs should decrease for compliant businesses.

We report on three strategies that supported Goal 1 in fiscal 2008 and four measurements that tracked our progress towards achieving it.

STRATEGIES

STRATEGY 1 / *Assess the level of compliance with firm and salesperson suitability obligations*

To provide a suitable investment recommendation, a registrant must know the client, know the product, and match the client to the product. This strategy supports our efforts to mitigate Risk 1: *Unsuitable Investments*. Our objective is to reduce the risk of retail clients investing based on unsuitable recommendations by registered salespersons.

During the year, we analyzed SRO oversight tools related to suitability and reviewed several years of SRO complaints and enforcement actions. This allowed us to evaluate IDA (IIROC) and MFDA oversight practices and controls against specific, suitability-related risk factors. We found that both SROs have complete suitability oversight modules in their compliance examination programs. They also have adequate ways to disseminate suitability guidance to member firms. Both SROs agreed to take steps to further address aspects of member firm compliance in this area.

STRATEGY 2 / *Identify and respond to emerging retail investment trends*

We identified investment fads as a risk to investors, and introduced this strategy, in fiscal 2005 when novel products were gaining popularity with retail investors. Knowing sooner what security types are becoming popular in the retail market helps us to better manage potential risks to investors.

During the year, we monitored and analysed six security types—principal protected notes (PPNs) and non-principal protected notes, contracts for difference, covered bonds, collateralized debt obligations, and foreign exchange contracts (FOREX). Based on our concerns about the risks associated with PPNs and FOREX, we published *Investor Watch* notices for those products.

With new investment products directed at retail investors likely to remain a feature of the investment market, we recognize the ongoing need to identify new products and advise investors about specific risks. For this reason, we have made this strategy an operating priority and will no longer report on it in our annual report. We strengthen our capability in this area by bringing together staff from many disciplines, across the Commission, whose combined knowledge improves our overall understanding of investment products and our ability to reach the public.

STRATEGY 3 / *Enforce technical mining disclosure standards in prospectus filings*

This strategy supports our commitment to improve operational efficiency and effectiveness. Our objective is to improve technical disclosure under National Instrument 43-101 *Standards for Mineral Projects* (NI 43-101).

When making prospectus offerings, mining issuers provide additional technical documents that disclose important information about their business. An internal study found the technical disclosure in prospectus filings was good in many areas, but needed improvement in other areas. It also appeared that some issuers and professional advisors were doing better than others were. On average, filings that scored higher required less staff review time and received quicker prospectus clearance.

To improve the quality of technical disclosure, we implemented new procedures for holding issuers, underwriters, and their professional advisors accountable for filing quality. These included focusing staff resources on poor quality filers, rejecting files that do not meet a minimum standard, and referring repeat offenders to their professional associations or the IDA (IIROC). Next year we also plan to pre-screen technical reports for obvious deficiencies to expedite the prospectus review process. We will continue our educational efforts to increase awareness of problem areas.

MEASUREMENTS

MEASUREMENT 1 / *Percentage of reviewed issuers that reduce deficiencies in their continuous disclosure*

Our Corporate Finance division reviews issuer disclosure for non-compliance. At the end of each fiscal year, we retain an outside auditor to analyse the subsequent continuous disclosure of a statistically significant random sample of issuers that received comment letters from us during that year. The results of this review show the extent to which our detailed continuous disclosure work motivated non-compliant issuers to improve their disclosure voluntarily.

This measurement reports on the reviews we conducted between April 2006 and March 2007, which we evaluated in the fall of 2007. We will report on disclosure improvements resulting from reviews carried out in fiscal 2008 in the 2008/09 annual report.

Notes on benchmarking We are not able to benchmark this measurement against the disclosure compliance work of other jurisdictions because they do not collect comparable data. Although we work with other jurisdictions to compare our disclosure review programs, the comparison focuses on the regulatory processes for issuer selection and review, not the outcomes of the programs.

STATUS: MET	RESULTS AND TARGETS				
FISCAL YEAR	2006 ACTUAL	2007[1] ACTUAL	2008 TARGET	2008[2] ACTUAL	2009 TARGET
PERCENTAGE OF REVIEWED ISSUERS THAT REDUCE DEFICIENCIES IN THEIR CONTINUOUS DISCLOSURE					
Improved disclosure	90%	100%	90%	100%	≥ 94%
Improved disclosure to minimum standards	84%	81%	85%	91%	≥ 85%

1. *Our data show that all of the 27 issuers reviewed by our independent accountant improved their accounting disclosure in some areas cited and 22 of the 27 (81%) improved in all areas.*
2. *Our data show that all of the 23 issuers reviewed by our independent accountant improved their accounting disclosure in some areas cited and 21 of the 23 (91%) improved in all areas.*

MEASUREMENT 2 / *Percentage of randomly sampled mining issuers that meet the minimum standards for technical disclosure*

For this measurement, staff geologists reviewed the general NI 43-101 compliance level of a randomly selected, representative sample of 24 active mining issuers. We compared the results to similar studies of different active issuers conducted in fiscal years 2003 and 2007. While there is still considerable room for improvement, our data show that the quality of mining technical disclosure has improved dramatically since fiscal 2003. We will use this new technical data measurement in fiscal 2009 and concentrate our efforts on improving disclosure in the categories where issuers currently have the least compliance.

STATUS: MET	RESULTS AND TARGETS				
FISCAL YEAR	2003 BASELINE	2007 ACTUAL	2008 TARGET	2008 ACTUAL	2009 TARGET
PERCENTAGE OF SAMPLED MINING ISSUERS THAT MEET MINIMUM DISCLOSURE STANDARDS FOR THE FOLLOWING DISCLOSURE TYPES					
News releases	24%	71%	70%	78%	70%
Annual information forms	35%	70%	70%	85%	70%
Issuer websites	17%	47%	45%	57%	55%
Management discussion and analysis	19%	42%	45%	70%	50%

Notes on measurement The number of reviewed companies is small compared to the total population of BC-based mining issuers, so we expect considerable variation in results year to year. A change in reviewing staff can introduce additional variation. The improved scores for fiscal 2008 are encouraging and continue to reflect positively on our education and continuous disclosure efforts.

Mining issuers are becoming more familiar with NI 43-101 and may be recognizing that NI 43-101 compliance adds credibility to their disclosure. We are hesitant to rely too much on a single year's improvement, however, and caution that the measure does not cover the overall quality and adequacy of mining disclosure, only relative compliance with NI 43-101.

MEASUREMENT 3 / *Percentage of BC-prime reporting issuers on defaulting issuer list*

The Act requires reporting issuers to file certain information on time, in the required form, and with the appropriate fee. One measurement of a compliant industry is that issuers consistently meet these filing requirements. We put issuers that do not file, fail to pay fees, or file materials that are not in the required form on the defaulting issuer list. We then track the total percentage of BC-prime reporting issuers on the list during each year. We expect the percentage of listed BC-prime issuers to decrease over time.

STATUS: MET	RESULTS AND TARGETS				
FISCAL YEAR	2006 ACTUAL	2007 ACTUAL	2008 TARGET	2008 ACTUAL	2009 TARGET
PERCENTAGE OF BC-PRIME REPORTING ISSUERS ON DEFAULTING ISSUER LIST	23%	22%	≤ 22%	14%	*Set new baseline*

Notes on measurement We placed 14% of BC-prime issuers on the defaulting issuers list at some time during the year, down from 22% the year before. This indicates an overall improvement among issuers in general compliance with filing obligations. There were no new significant filing requirements or changes to existing filing requirements during the year, which also may have contributed to the decrease.

MEASUREMENT 4 / *Average number of deficiencies per examination in Capital Markets Regulation*

Our Capital Markets Regulation division reviews securities firms that are not SRO members for compliance with their regulatory obligations. Using risk-based assessment criteria, each year we examine the firms that pose the highest compliance risk and we report results using 46 categories of deficiencies.

Notes on benchmarking We are not able to benchmark this measurement against other commissions. While they also track deficiencies, no other jurisdiction follows the same system for designing its compliance examination programs and summarizing its results.

STATUS: MET	RESULTS AND TARGETS				
FISCAL YEAR	2006 ACTUAL	2007 ACTUAL	2008 TARGET	2008 ACTUAL	2009 TARGET
AVERAGE NUMBER OF DEFICIENCIES PER EXAMINATION CONDUCTED BY CAPITAL MARKETS REGULATION STAFF[1, 2]	6.5	7.4	< 7.03	6.68	< 6.35

1. Based on 19 examinations in the year ending March 31, 2008, 14 in 2007, and 24 in 2006.

2. Our examination program is risk-based and depends on the type of firm audited and the methodology of our latest exam program. The number of categories changes as we drop, consolidate, or add categories to capture current compliance concerns accurately.

Notes on measurement We want to see the overall number of detected deficiencies decline over time as firms correct past deficiencies and reinforce a culture of compliance. Because we conduct risk-based examinations, we place a priority on reviewing firms about which we already have compliance concerns. This measurement therefore uncovers a higher average number of deficiencies than if we reviewed a cross-section of firms.

MEASUREMENT 5 / *Percentage of new IDA (IIROC) and MFDA firm clients who a) recall discussing their investment goals with their adviser and b) read specific disclosure*

SURVEY OF NEW IDA (IIROC) AND MFDA CLIENTS

Status: Discontinued.

We intended to work with SROs and investment dealers to survey a sample of clients from new-client lists to evaluate their new-account-opening experience. Our objective was to better understand three things: the quality of registrant inquiries about their clients' financial circumstances and investment goals; whether registrants discussed specific products and disclosures with clients before a purchase; and whether clients received, read, and understood specific disclosure.

Although we looked at three ways to gather this information—"mystery shopper" inquiries, omnibus surveys, and direct client phone interviews—we encountered strong privacy concerns and client access issues as well as severe documentation challenges. As a result, we decided not to proceed with this measurement at this time.

GOAL 2 / ACT DECISIVELY AGAINST MISCONDUCT

An effective regulatory enforcement regime is rooted in strategies that focus on protection and prevention. One of our objectives is to intervene earlier and disrupt misconduct to minimize investor losses. We also aim to allocate our resources to those cases that will provide the most significant protection to investors and send the strongest deterrent messages. Cost-effective enforcement stems both from how we select and manage enforcement cases and how we coordinate our enforcement actions with SROs, other regulators, and policing agencies.

We report on three strategies that supported Goal 2 in fiscal 2008 and two measurements that tracked our progress towards achieving it.

STRATEGIES

STRATEGY 1 / *Disrupt abusive junior market practices in British Columbia*

Our objective for this strategy is to make British Columbia an unattractive place to engage in abusive market activity, such as illegal stock promotions, spam, and the creation of shell companies as vehicles for market manipulations. Early in the year, we introduced a five-point plan to disrupt, stop, and prevent BC-connected abusive OTC activity:

1. Improve disclosure and compliance by BC OTC issuers
2. Discourage the manufacture and sale of US OTC shell companies for abusive purposes
3. Disrupt abusive promotions
4. Hold dealers responsible
5. Discourage participation by professionals who facilitate abusive market activities

The government introduced *BC Securities Act* amendments to facilitate the plan and we published the proposed rule for comment in the fall, concluding the year ready to implement the plan early in fiscal 2009. In May 2008, we published new registration requirements for investment dealers involved in OTC trading and released revisions to the proposed new rule for BC issuers quoted on the OTC.

Under this strategy, we also initiated a campaign to combat internet spam promoting OTC Bulletin Board companies linked to BC. Through the news media, advertising, and our InvestRight website, we encouraged the public to email stock-related spam to *spamwatch@investright.org*. Where warranted, the Commission halts trading of companies that are the subject of spam. The halt order bars any trading of the company's shares in BC for three business days. Reported spam in one case led us to detect an illegitimate operation for which we issued a notice of hearing.

STRATEGY 2 / *Disrupt and stop securities fraud*

Our Communication & Education and Enforcement divisions work together to gather and share information about suspected illegal distributions and investment scams. Through this strategy, we aimed to warn investors about abusive market activity and to encourage public reporting of securities fraud.

We issued two *Investor Alerts* during the year. The first introduced the SpamWatch program and alerted investors through the news media that the BCSC had temporarily halted trading of the securities of a company with shares quoted on the OTC Bulletin Board. The second warned investors that the BC and Manitoba securities commissions were investigating a company purporting to be a "family and friends private placement program" that would trade in foreign exchange markets on investors' behalf.

STRATEGY 3 / *Build stronger criminal investigation capability in BC for financial crime*

British Columbia investors are exposed to both large- and small-scale illegal distributions. The Crown, in provincial court, can prosecute illegal distributions as quasi-criminal offences. If convicted, perpetrators would have a criminal record and could be sent to jail. These are two outcomes not available in an administrative hearing before the Commission. For this reason, criminal or quasi-criminal sanctions can have a greater impact than administrative orders on perpetrators of serious or deliberate acts of misconduct. Our aim with this strategy is to strengthen the deterrent messages for illegal distributions, fraudulent and otherwise.

During the year, we made three "Reports to Crown Counsel" for breach of Commission orders. Crown accepted the BCSC's recommendations and approved charges in all three cases. This achievement is the effect of a dedicated effort by both BCSC staff and Crown counsel to strengthen our working relationship and support our shared objective to protect the public from securities misconduct.

We also worked with RCMP and IMET officers to introduce a program that helps officers understand how to refer cases to the BCSC and how the Commission can assist them with investment-related investigations. BCSC teams met with 23 detachments across the province and participated in three fraud investigator courses in Chilliwack, Victoria, and Prince George. In its first year, the program contributed to a positive working relationship between the RCMP and the BCSC and led to a number of important enforcement leads.

MEASUREMENTS

MEASUREMENT 1 / *Action in response to ongoing misconduct*

Detecting active misconduct and then disrupting, stopping, or preventing it early benefits investors, especially since the amount of money investors lose in illegal distributions tends to increase exponentially over the lifespan of the distribution. We track cases accepted each year for enforcement action where the misconduct was underway when the BCSC learned of it. We then calculate the percentage of the cases where we took formal action in the form of a freeze order, temporary order, or some other disruptive action.

STATUS: MET	RESULTS AND TARGETS				
FISCAL YEAR	2006 ACTUAL	2007 ACTUAL	2008 TARGET	2008 ACTUAL	2009 TARGET
PERCENTAGE OF NEW CASES WITH ACTIVE MISCONDUCT WHERE WE INTERVENED	50%	20%	55%	56%	58%

Notes on measurement We deal with every complaint we receive, but count only those that result in formal and public action to disrupt and stop active wrongdoing. Results for fiscal years 2006 and 2007 reflect our effort to put a new measure in place using data that had not previously been gathered or analyzed with the measure in mind. In fiscal 2008, we were able to identify 36 active cases and took disruptive action in 20. We did not take action in the remaining 16 for one or more of the following reasons: we lacked sufficient information to act; we could not establish that the misconduct was underway when we learned of it; and/or we judged that public action would not likely disrupt or stop the misconduct.

MEASUREMENT 2 / *Timely resolution of enforcement cases*

We want to be transparent about the average time this process takes. For cases we close by settlement or a decision in the fiscal year, we measure the average number of months a case is open from when we first learn of the conduct to the case's completion by settlement or decision.

STATUS: NOT MET	RESULTS AND TARGETS				
FISCAL YEAR	2006 BASELINE	2007 ACTUAL	2008 TARGET	2008 ACTUAL	2009 TARGET
AVERAGE LIFE, IN MONTHS, OF CASES RESOLVED VIA SETTLEMENT OR DECISION	49	22.8	21.7	39.5	34

Notes on measurement In fiscal 2007, we calculated our average enforcement time on 18 cases with an unusually high ratio of settlements (15) to decisions (3). The decisions included in this average were shorter than usual, and we carried forward a number of older matters into the next fiscal year that were already beyond the target duration. Using this anomalous data to set the fiscal 2008 target proved to be unrealistic. This is shown by our actual achievement during the year, when we calculated average enforcement time on 16 cases with a relatively low ratio of settlements (7, averaging 24.4 months) to decisions (9, averaging 51.3 months).

We think that our fiscal 2009 target of 34 months is realistic. It reflects current inventory of pending cases, a reasonable ratio of settlements to hearings, and recently implemented process improvements in both case selection and case management. We note, however, that while recent legislative changes introducing higher potential financial penalties will enhance public protection, they may reduce our prospects for early settlements and increase the likelihood of hearings.

GOAL 3 / EDUCATE INVESTORS

For a second year, we led primary investor research in cooperation with our CSA colleagues, and published the *CSA 2007 Investor Study: Understanding the Social Impact of Investment Fraud*. This study revealed that exposure to fraud is a common occurrence in the lives of many Canadians and that only a small proportion of attempted and actual fraud is reported to authorities. Canadians who have been defrauded experience loss of trust and health problems, and generally agree that the impact is much the same as the impact of violent crime.

We report on three strategies that supported Goal 3 in fiscal 2008 and three measurements that tracked our progress towards achieving it.

STRATEGIES

STRATEGY 1 / *Build public awareness of our investor education programs*

Our objective with this strategy is to reach BC investors through the InvestRight website. We aim to make our InvestRight website the most referenced source of credible investment information for BC investors.

To that end, we conducted search engine optimization in fiscal 2008 to help *investright.org* rise to the top of popular search engines. We also posted investor education content on Wikipedia and used public awareness advertising to direct investors to the InvestRight website. We actively sought media and police attention throughout the year by issuing *Investor Alerts* and *Investor Watches* and posted a podcast and other videos about scams on YouTube and other social networking sites. We travelled extensively in the province to deliver InvestRight seminars and introduced a new education module, "Get Ready to Retire" on the InvestRight website.

As in previous years, we extended our limited resources through existing strategic partnerships, as detailed in the Education Fund Report on page 63, and welcomed a new partner, the Canadian Union of Public Employees/CUPE Education. CUPE will incorporate InvestRight key messages into pre-retirement workshops for CUPE members throughout the province.

STRATEGY 2 / *Develop media partnerships in ethnic communities*

Fraud artists take advantage of ethnic as well as religious affiliations to gain their victims' trust. Typically, they target a respected member of the community and through that person attempt to meet and gain the trust of other group members to convince them to invest in their schemes.

We have learned from our campaign against church-based affinity fraud that creating partnerships with any group bound by common affiliations depends on the interest and willingness of the group's leaders to recognize the threat to their community. During the year, we expanded the reach of our affinity fraud campaign into two BC ethnic communities by advertising through media outlets serving the Chinese and South Asian communities in Cantonese, Mandarin, Punjabi, and Hindi. We expect these new media relationships to lead to significant partnerships that will help us reach community leaders and provide new opportunities for building awareness about investment fraud in those communities.

STRATEGY 3 / *Financial literacy for youth*

We prioritized financial life skills education four years ago, and developed a resource called "Planning 10: Finances" for BC teachers who teach financial life skills to high school students. In late 2007, we signed a partnership and licensing agreement with the Financial Consumer Agency of Canada to design a web-based, bilingual financial life skills education program called "The City / *La Zone*", based on our Planning 10 resource. The new program will target high school students across Canada in both official languages and will also be available on a stand-alone basis for basic adult financial life skills education. The program will be launched by fall 2008.

This was the first year for our dedicated financial life skills advocacy campaign. In support of this strategy, we met with educators in Prince George, Prince Rupert, Nelson, Nanaimo, Kelowna, and Campbell River and made presentations at high-profile teacher conferences to educators from across the province.

MEASUREMENTS

MEASUREMENT 1 / *Complaints and tips received from InvestRight programs*

Through our public awareness and outreach programs, we aim to increase the inflow of complaints and information about possible investment frauds or illegal activities. This information will strengthen our ability to detect misconduct and help us disrupt, stop, and prevent these activities. We track the number of enquiries, referrals, and complaints we receive from the public, media, and law enforcement agencies such as the RCMP, IMET, and local police.

STATUS: MET	RESULTS AND TARGETS				
FISCAL YEAR	2006	2007 ESTIMATE	2008 TARGET	2008 ACTUAL	2009 TARGET
NUMBER OF COMPLAINTS AND TIPS RECEIVED AS A RESULT OF INVESTRIGHT INVESTOR EDUCATION AND OUTREACH PROGRAMS					
	Not measured	48[1]	50	92	*Increase* **4%** *over fiscal 2008 actual*

1. Annualized based on three months of data.

Notes on measurement Online complaint forms on the InvestRight website generated 58 tips, 39 through "Report a Scam" and 19 from "File a Complaint". The BCSC Inquiries Line generated 20 tips, 10 following the publication of an *Investor Alert*, three following CTV's W-5 program on affinity fraud, and seven from other sources. Fourteen tips were sent directly to staff members.

We set a conservative target for fiscal 2008 because of the difficulty predicting the impact our public awareness program would have on reporting. With roughly the same public awareness budget in fiscal 2009 as in 2008, we expect to see a more conservative increase than the year's actual and target otherwise suggest.

MEASUREMENT 2 / *Workshop participant application of investor education messages*
Measuring what investors know about how to protect themselves helps us demonstrate the effectiveness of our investor education programs. We relied on our new partnership with the BC Crime Prevention Association and the contact and distribution network of the BC Power Pioneers to deliver investor education workshops to BC residents, primarily seniors. The InvestRight seminar focuses on the red flags that characterise investment frauds and how investors can protect themselves from fraud.

STATUS: MET	RESULTS AND TARGETS				
FISCAL YEAR	2006	2007	2008 TARGET	2008 ACTUAL	2009 TARGET
PERCENTAGE OF WORKSHOP PARTICIPANTS WHO APPLIED INVESTOR EDUCATION MESSAGES					
Created or updated financial plan	*Not measured*	*Not measured*	*Set baseline*	62%	*Increase* **2%** *over fiscal 2008 actual*
Reported possible scam				13%	
Visited InvestRight website				24%	
Identified red flags				17%	

Notes on measurement We established our baseline by surveying InvestRight seminar attendees, once before the seminar in 2007 and then again in early 2008. The pre-seminar survey collected information on their most recent investment decisions, their investment fraud experience, and their awareness of the BCSC. The follow-up survey collected information about how they approached their next investment and what they had learned about investment fraud.

MEASUREMENT 3 / *Percentage of BC public aware of BCSC*

BCSC investor education resources provide BC retail investors with valuable information to help them protect themselves from fraud and unsuitable investments. We aim to build awareness of the BCSC and our many investor education resources so that British Columbians will know where to turn and what to do when faced with a possible fraud or unsuitable investment opportunity.

STATUS: NOT MET	RESULTS AND TARGETS				
FISCAL YEAR	2006	2007 ACTUAL	2008 TARGET	2008 ACTUAL	2009 TARGET
PERCENTAGE OF BC PUBLIC AWARE OF BCSC	*Not measured*	42%	44%	30%[1]	47%

Notes on measurement [1]This is an actual number from the October 2007 investor study, which surveyed roughly 800 BC residents. We cannot explain the 12-point drop in unaided awareness between 2006 and 2007. Statistical variation might explain the difference. We will continue to look at ways to measure public awareness of the BCSC.

GOAL 4 / ADVANCE COST-EFFECTIVE REGULATION

We apply a disciplined, problem-focused approach to dealing with market issues. Our approach to regulation focuses on problem definition, regulatory tool selection, and effective regulation design. We apply this approach in responding to both local and national risks and opportunities. Our goal is to advance cost-effective regulation, largely through our CSA work, providing strong investor protection and market integrity for the least cost.

We report on three strategies that supported Goal 4 in fiscal 2008 and three measurements that tracked our progress towards achieving it.

STRATEGIES

STRATEGY 1 / *Work with government and other regulators to implement harmonized legislation and the passport system*

We continue to lead work with government and other Canadian securities regulators to make the Canadian securities regulatory system more efficient and effective through the passport system. The passport system presumes highly harmonized and streamlined securities regulation across Canada.

In March 2008, the passport jurisdictions implemented passport for issuers. This simplifies the regulatory approval process and includes interfaces with Ontario so that it will benefit businesses and investors in all provinces and territories. All CSA members, including the OSC, implemented new national policies for the filing and review of prospectuses and exemptive relief applications and rescinded the mutual reliance review policies.

During the year, we published for comment the proposed National Instrument 31-103 *Registration Requirements* with our CSA colleagues. This instrument will lay the foundation for the registration passport, which we expect to implement towards mid-2009.

STRATEGY 2 / *Advance clear problem definition and outcomes-focused solutions*

To support passport and to reduce the costs of market participants who pay fees in multiple jurisdictions, we are leading the review of fees and fee structures across CSA jurisdictions. The objective is for jurisdictions to retain authority to set and collect fees, while harmonizing and streamlining the various fee structures.

STRATEGY 3 / *Apply risk management to our compliance processes*

Risk management supports our objective to provide value to our stakeholders. Improving our compliance processes and strengthening our capacity to detect potential problems as they arise enables us to allocate resources to deal with the most significant threats to investors or the market.

During the year, we implemented a risk-management scan across our compliance processes and operational areas. The risk scan helps us to identify significant risks, focus efforts on particular risks or risk categories, document risk controls, and implement cost-effective responses. We discuss the top risks with the Board audit committee and use them to support the development of our annual service plan.

MEASUREMENTS

MEASUREMENT 1 / *Scorecard for advancing cost-effective regulation*

The BCSC is committed to regulating in a way that is flexible, outcomes-focused, and cost-effective. To measure cost-effective regulation, we use a scorecard to track the important steps and outcomes in responding to market problems. The scorecard reports on the extent to which we are taking steps to advocate our cost-effective regulation principles and gives credit for outcomes-focused results. We apply the scorecard to all CSA policy projects and our local efforts to create new cost-effective regulation.

This measure reports the average score of projects completed each year.

STATUS: SET BASELINE	RESULTS AND TARGETS				
FISCAL YEAR	2006	2007	2008 TARGET	2008 ACTUAL	2009 TARGET
AVERAGE SCORE ON COST-EFFECTIVE REGULATION SCORECARD	*Not measured*	*Not measured*	*Set baseline*	**88%**	*Improve on fiscal 2008*

Notes on measurement In the last year, nine instruments came into force and we scored each of these instruments against 15 criteria in our scorecard. Where specific elements were not applicable for a project, we removed them from the scoring. The current average suggests that project teams were able to operate to our agreed-on best practice in 88% of the dimensions rated. While there was no consistent deficiency, the area where we most consistently fell short was in designing, at the outset, ways to measure the effectiveness of new rules.

MEASUREMENT 2 / *Scorecard for approved projects post-implementation*

For this measurement, we define a project as an initiative that requires executive director approval, and either costs more than $10,000 or takes more than 25 person days. We justify these projects in writing and include a description of the expected benefits. Some projects will forecast a return on investment generated by cost savings or cost avoidance that pays for the project within a reasonably short period (typically up to three years). Other projects promise efficiency improvements or improved quality, accuracy, or control.

STATUS: MET	RESULTS AND TARGETS				
FISCAL YEAR	2006	2007	2008 TARGET	2008 ACTUAL	2009 TARGET
AVERAGE APPROVED PROJECT POST-IMPLEMENTATION SCORE	*Not measured*	*Not measured*	*Set baseline*	100%	100%

Notes on measurement During the first six months of fiscal 2008, we completed our annual systems hardware refresh project and another project to replace the Commission's business-process management system. Both projects delivered all the benefits (including capital and expense cost savings) detailed in their proposals. We will score projects completed during a full 12-month period in our 2008/09 annual report.

MEASUREMENT 3 / *BCSC fee load for prime issuers and registrants relative to other jurisdictions*

Status: Discontinued.

Maintaining and improving competitiveness is important to the BCSC. Securities market participants fund our operations through fees they pay under the *Securities Act*. While fees are usually a small portion of the costs of market participation, we strive to keep them competitive to minimize the barriers to market participation.

Our objective in introducing this measure was to benchmark BCSC costs to issuers and firms against those in other Canadian jurisdictions. We expected to find room to improve. However, when we compared the fees paid to us by BC-prime issuers and registrants to the fees paid by issuers and firms having Alberta, Quebec, and Ontario as their principal jurisdiction, we found that the overall impact of BCSC fees was already lower.

We are testing other measures to help us maintain our competitiveness.

FINANCIAL REPORT & AUDITED FINANCIAL STATEMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND OPERATING RESULTS

For the Year Ended March 31, 2008

OVERVIEW

We prepared this discussion and analysis of financial position and results of operations of the British Columbia Securities Commission (BCSC) on April 17, 2008. You should read it in conjunction with our audited financial statements and related notes for the year ended March 31, 2008. These documents are available on our website at www.bcsc.bc.ca.

We prepared the financial information in this report in accordance with Canadian generally accepted accounting principles. We report in Canadian dollars.

SUMMARY OF FISCAL 2008 OPERATING RESULTS (EXCLUDES EDUCATION RESERVE TRANSACTIONS)

Operations generated a $5.4 million surplus, $5.4 million ahead of budget and $2.3 million higher than fiscal 2007.

Revenues were $3.6 million higher than expected and $2.2 million (7%) higher than fiscal 2007 because of strong market activity. Distribution revenues related to mutual fund sales and securities issued under prospectus exemptions remained strong.

Expenses were $28.4 million, $1.8 million lower than expected and $0.1 million (1%) lower than fiscal 2007. All expenses were under budget. Lower than expected salaries, professional fees, and communication costs accounted for most of the savings.

- Salaries and benefits costs were lower than expected due primarily to several extended vacancies caused by recruiting challenges.
- Professional fees were lower than expected because we needed less external legal consulting to support litigation and collection activities.
- Communication costs were lower than expected because we used in-house resources to develop most of our communications.

FINANCIAL STRUCTURE

We aim to break even. This is difficult because our revenues fluctuate in proportion to market activity, while most of our costs are fixed. Temporary fee reductions and lower market activity significantly reduced fiscal 2004 revenues[1]. Market activity has been strong since fiscal 2005.

Securities market participants fund our operations through fees they pay under the *Securities Act*. Salaries, benefits, and occupancy costs account for about 80% of our expenses. As a government agency, we are exempt from income taxes and the GST.

The table on the following page summarizes actual and expected results of operations, the education reserve, and financial position by fiscal year.

1. A firm registration fee holiday for MFDA members, with a $0.3 million a year impact, ends in fiscal 2010.

	PAST				PRESENT				FUTURE
	2004	2005	2006	2007	2008				2009
(millions)	AUDITED	AUDITED	AUDITED	AUDITED	AUDITED	VS. 2007	BUDGET	VS. BUDGET	BUDGET
OPERATIONS									
REVENUES									
Filing fees									
Prospectus and other distributions	11.6	13.3	14.7	16.3	18.3	2.0	15.3	3.0	16.5
Registration	4.9	8.1	8.4	8.7	9.2	0.5	9.0	0.2	9.1
Financial filings	4.5	4.7	4.6	5.0	4.5	(0.5)	4.4	0.1	4.6
Other fees	0.6	0.5	0.5	0.5	0.5	–	0.4	0.1	0.1
	21.6	26.6	28.2	30.5	32.5	2.0	29.1	3.4	30.3
Other revenues									
Enforcement cost recoveries	0.1	0.3	0.1	0.3	–	(0.3)	0.2	(0.2)	–
Investment income	0.7	0.4	0.4	0.8	1.3	0.5	0.9	0.4	1.1
	22.4	27.3	28.7	31.6	33.8	2.2	30.2	3.6	31.4
EXPENSES									
Salaries and benefits	19.5	19.7	20.2	21.2	21.6	0.4	22.7	(1.1)	23.0
Other operating expenses	7.6	7.0	7.2	7.3	6.8	(0.5)	7.5	(0.7)	7.6
	27.1	26.7	27.4	28.5	28.4	(0.1)	30.2	(1.8)	30.6
Operating surplus / (deficit) for the year	**(4.7)**	**0.6**	**1.3**	**3.1**	**5.4**	**2.3**	**–**	**5.4**	**0.8**
EDUCATION RESERVE									
Education revenues									
Penalties and designated amounts	0.4	0.9	0.7	1.4	0.9	(0.5)	0.5	0.4	0.6
Investment income	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.2
	0.5	1.0	0.8	1.5	1.1	(0.4)	0.6	0.5	0.8
Education reserve disbursements	0.8	2.1	1.2	0.6	0.5	(0.1)	0.6	(0.1)	0.8
Education reserve surplus / (deficit) for the year	**(0.3)**	**(1.1)**	**(0.4)**	**0.9**	**0.6**	**(0.3)**	**–**	**0.6**	**–**
Consolidated surplus / (deficit)	**(5.0)**	**(0.5)**	**0.9**	**4.0**	**6.0**	**2.0**	**–**	**6.0**	**0.8**
ACCUMULATED SURPLUSES									
General	–	0.7	1.7	3.8	7.2	3.4	1.9	5.3	6.3
Fee stabilization reserve	11.8	11.8	12.0	13.0	15.0	2.0	14.0	1.0	15.5
Education reserve	3.9	2.8	2.4	3.3	3.9	0.6	3.1	0.8	3.7
	15.7	15.3	16.1	20.1	26.1	6.0	19.0	7.1	25.5
SUPPLEMENTARY INFORMATION									
Fee revenue (before temp. reductions)	24.9	26.9	28.5	30.8	32.8	2.0	29.4	3.4	30.6
Fee revenue growth rate	4%	8%	6%	8%	6%		-5%		-7%
Average FTEs	204	195	191	189	186	(3)	200	(14)	198
Operating expense growth	-2%	-1%	3%	4%	0%		6%		8%
Capital Additions	0.8	0.4	0.3	0.2	0.7	0.5	0.9	-0.2	0.7

REVENUES

We discuss Education Reserve transactions separately, starting on page 39.

Fee revenues

Almost all of our operational funding comes from filing fees market participants pay. We collect:

CATEGORY	SOURCE	% OF FEE TOTAL FISCAL 2008	FISCAL 2007
Distribution fees	Paid by securities issuers when they file disclosure documents	56%	53%
Registration fees	Paid by firms and individuals to register with us to sell or advise on securities	28%	28%
Financial filing fees	Paid by public companies when they file annual and quarterly financial statements	14%	17%
Other fees	Paid by market participants, primarily to request exemptions from *Securities Act* requirements	2%	2%

Our fee revenues fluctuate with market activity. We are most dependent on fees paid by mutual funds to distribute securities and file their financial statements with us, and on fees paid by the five largest Canadian banks to register their representatives with us. Mutual funds contributed about $12.6 million, or about 39% (fiscal 2007 – $11.6 million, or 38%) of period fee revenue.

Distribution fee revenues vary depending on the number and size of offerings completed in each year, and revenues are higher during stronger markets. The remaining fee categories have exhibited lower volatilities and have grown slowly over the last several years.

Enforcement cost recoveries

Enforcement cost recoveries decreased $0.3 million (100%) from the prior year to nil because we no longer designate portions of settlement sanctions as cost recoveries.

Revenues depend on our ability to collect assessed costs. Since our incorporation on April 1, 1995, we have collected $3.9 million (62%) of $6.3 million assessed. Collecting enforcement cost recoveries can be difficult because respondents often have limited assets, have poor credit, or have left British Columbia. We pursue outstanding amounts, which totaled $2.4 million on March 31, 2008, vigorously and indefinitely.

Investment income

Our portfolio generates modest returns because we invest conservatively. Investment income related to operations increased about 50% to $1.3 million (fiscal 2007 - $0.8 million). Our average portfolio balance relating to operations and our portfolio rate of return both increased.

FISCAL	INVESTMENT INCOME	AVERAGE OPERATING PORTFOLIO BALANCE	RETURN
2008	1.3 million	23.0 million	5.4%
2007	0.8 million	18.6 million	4.2%

Significant operating revenue variances

Revenues were $3.6 million higher than expected and increased $2.2 million from fiscal 2007. Strong market activity increased distribution fee revenues, as non-prospectus offerings and fees related to distributions under mutual fund prospectuses both increased. Most significantly:

VARIANCE	VS. BUDGET	VS. 2007
We expected prospectus revenues to decline after strong activity in 2007. Instead, market activity increased in 2008 and we experienced a 6% increase in prospectus[2] filing revenues. Most of the increase is due to fees related to mutual fund sales	+ $1.4 million	+ $0.7 million
We expected non-prospectus[3] distribution fees to decrease $0.4 million (14%) from the prior year after experiencing higher than average activity in fiscal 2007. Instead, filing volumes and related fees increased further	+ $1.5 million	+$1.1 million
We expected normal growth in registrations to increase registration revenue about 4%. Registration[4] fees actually grew 6%	+ $0.2 million	+ $0.5 million
We expected financial filings revenue to decrease 11%. Fiscal 2007 revenue was approximately $0.4 million higher than normal due to a filing cycle change	+ $0.1 million	- $0.5 million
Investment income increased because surplus and returns were higher than expected	+ $0.4 million	+ $0.5 million
Other small variances, net		- $0.1 million
Total revenue variances, 12% of budget	+ $3.6 million	+ $2.2 million

2. Companies and mutual funds are normally required to prepare a prospectus before raising money from the public. A prospectus gives details of the operations, financial status, and management of the company.

3. Prospectus exemptions allow companies to sell securities without a prospectus when other factors (like relationship or financial sophistication) ensure investors have access to all information about the proposed transaction that could affect their purchase decision.

4. Firms and individuals that sell securities must register with us every year.

OPERATING EXPENSES

We discuss Education Reserve transactions separately, on page 39.

We are committed to managing our expenses so they do not exceed expected revenue over the business cycle. We do this by:

- Preparing an annual budget approved by the Board
- Reporting actual-versus-budget experience to management every month
- Requiring Board approval of significant expenses
- Continually improving the efficiency of our processes

Five-year average operating expense growth was 0.5%: fiscal 2008 operating expenses are only 2.5% ($0.7 million) higher than fiscal 2003 operating expenses.

Expenses were $28.4 million, $1.8 million under budget and $0.1 million (1%) lower than fiscal 2007. Salaries, due to position vacancies, and professional fees, due to less external legal consulting, were significantly below budget, but most other operating expenses were also lower than expected.

Salaries and benefits

We averaged the equivalent of 186 full-time staff during the year (fiscal 2007 – 189). Staffing costs are approximately 75% of our operating expenses, and annual, performance-based salary increases drive most of our non-project expense growth. We compete for professional staff with law and accounting firms, the securities industry and other regulators. Like most of our competitors, we offer a compensation package that includes performance-based incentives. To remain competitive, we conduct annual salary surveys and make adjustments as appropriate.

We focus staff effort (with overhead allocated proportionately) on our strategic goals:

	STRATEGIC GOAL	FISCAL 2008	FISCAL 2007
Goal 1	Promote a culture of compliance	35%	33%
Goal 2	Act decisively against misconduct	39%	42%
Goal 3	Educate investors	11%	9%
Goal 4	Advance cost-effective regulation	15%	16%

Salaries and benefits costs, at $21.6 million (fiscal 2007 - $21.2 million) were $1.1 million lower than expected because merit-based salary increases only partly offset position vacancies.

REMUNERATION SUMMARY:

POSITION	NAME	APPOINTED	TERM END	BASE SALARY[5]	OTHER CASH BENEFITS[6]	OTHER NON-CASH BENEFITS[7]	TOTAL FISCAL 2008	TOTAL FISCAL 2007[8]	MEETINGS ATTENDED[9]
EXECUTIVE COMMISSIONERS									
Chair	Hyndman, Doug	Apr. '87	N/A	$ 342,369	$ 153,640	$ 47,948	$ 543,957	$ 531,509	18
Vice Chair	Aitken, Brent	Oct. '95	N/A	$ 356,400	$ 0	$ 5,344	$ 361,744	$ 274,917	16
Vice Chair	Salvail-Lopez, A.	Nov. '92	Nov. '06	$ 0	$ 0	$ 0	$ 0	$ 873,924	N/A
Commissioner	Ford, Robin	Jul. '04	Dec. '07	$ 162,186	$ 0	$ 21,111	$ 183,297	$ 284,298	13
INDEPENDENT COMMISSIONERS									
Commissioner	Alexander, Neil	Mar. '02	Mar. '08	$ 42,350	$ 0	$ 1,933	$ 44,283	$ 50,808	14
Commissioner	Brockman, Joan	Mar. '98	May '06	$ 0	$ 0	$ 0	$ 0	$ 4,633	N/A
Commissioner	Foreman, Marc	Mar. '02	Mar. '08	$ 23,900	$ 0	$ 1,123	$ 25,023	$ 26,617	14
Commissioner	Graf, John[10]	Dec. '98	Mar. '08	$ 74,625	$ 0	$ 2,049	$ 76,674	$ 71,981	17
Commissioner	Hanna, Kenneth	Jul. '06	Jul. '09	$ 39,950	$ 0	$ 0	$ 39,950	$ 26,250	18
Commissioner	Milbourne, Robert	Mar. '02	Mar. '08	$ 42,150	$ 0	$ 0	$ 42,150	$ 56,394	18
Commissioner	Smith, David	Jul. '06	Jul. '09	$ 36,300	$ 0	$ 0	$ 36,300	$ 23,950	18
Commissioner	Wiltshire, Suzanne	Jul. '06	Jul. '09	$ 49,375	$ 0	$ 2,049	$ 51,424	$ 29,348	18
Commissioner	Wares, Roy[11]	Mar. '98	Sep. '06	$ 0	$ 0	$ 0	$ 0	$ 52,679	N/A
SENIOR MANAGEMENT									
Executive Director	Leong, Brenda	Oct. '04	N/A	$ 248,139	$ 91,337	$ 39,939	$ 379,415	$ 358,922	N/A

5. *Base salary includes honoraria, regular base, vacation and sick leave pay. Independent commissioner remuneration includes fees to participate in hearings and attend Board and Committee meetings.*
6. *Other cash benefits normally include performance-based incentives and transportation allowances.*
7. *Other non-cash benefits include amounts we paid on behalf of these members and employees and include pension, long-term disability, health and dental plan, Canada pension plan, employment insurance premiums, parking and professional membership fees.*
8. *The amount paid to Adrienne Salvail-Lopez includes a $575,000 capital payment for loss of statutory office.*
9. *During fiscal 2008, the Board scheduled, and held during the year, 12 monthly meetings, 3 enforcement policy meetings, 2 strategic planning meetings, and 1 performance assessment meeting.*
10. *Appointment ended March 31, 2008. His authority to exercise powers in 2 enforcement proceedings was extended until the panels make their final decision.*
11. *Appointment ended May 1, 2006. His authority to exercise powers in an enforcement proceeding was extended until the panel's final decision on September 12, 2006.*

Professional services

We contract third party professional services when it is not cost-effective, or when we do not have the skills, to perform the work ourselves. Those services include a legislative drafter seconded from the Attorney General and, when necessary, outside legal counsel to represent us in legal matters. Other significant components of professional service expense are national projects, transcription, internal and external audit, and collection costs.

Professional fees declined to $1.7 million (fiscal 2007 - $2.0 million), ahead of budget by $0.5 million primarily due to lower legal and trustee costs related to collection of outstanding enforcement sanctions.

During the year, we hired Western Compensation & Benefits Consultants to perform a salary survey and Hay Group consultants to review independent commissioner compensation and conduct an employee engagement survey.

Occupancy

We rent office space under a lease that ends on November 30, 2011.

Information management

Information management costs were $0.8 million, as expected (fiscal 2007 - $0.8 million). We spend significant amounts on information systems and management annually to improve market participants' access to our services, the information we maintain, the speed with which we deliver services, and the quality of our regulatory duties. Information management has three main components:

- Software licensing and maintenance fees
- Electronic information services and hardcopy material costs
- Physical record scanning and storage costs

Administration

The significant components of administration expense are stationary and office supplies, copier leases, meeting expenses, hearing witness expenses, payroll processing, and bank charges.

External communications

The significant components of external communications expense are:

- Design, writing, and printing costs of annual reports and communication materials, including our share of BC Gazette production costs
- Third-party meeting costs
- Postage and courier
- Advertising, primarily recruitment advertising costs

Significant fiscal 2008 communication activities included delivering investor and industry education seminars, hosting our annual *Capital Ideas* industry forum, and ongoing website development.

EDUCATION RESERVE

We order administrative penalties and disgorgements under the *Securities Act*. We also negotiate settlement amounts. We appropriate revenue from penalties, settlements, and unclaimed disgorgements to our Education Reserve, which we spend only to educate securities market participants and members of the public about investing, financial matters, or the operation or regulation of securities markets.

Since our incorporation on April 1, 1995, we have collected $9.2 million (22%) of $42.7 million sanctioned. During fiscal 2008, we sanctioned $23.9 million (fiscal 2007 - $1.4 million). This large increase is due to the nature of the cases decided and because legislative changes in May 2006 increased the maximum administrative penalty under the *Securities Act* to $1.0 million per contravention and, in November 2007, introduced the disgorgement of funds provision. Disgorgement requires respondents to return ill-gotten gains to victims. Administration of disgorged funds is performed by the court system. Of the $23.9 million sanctioned during the year, $12.7 million (53%) relates to disgorgement orders.

Of fiscal 2008 sanctions, collection of $22.8 million (2007 – nil) is uncertain, and is not recorded in the financial statements. Collecting sanctions can be difficult because respondents often have limited assets, have poor credit, or have left British Columbia. We pursue outstanding amounts, which totaled $33.5 million on March 31, 2008, vigorously and indefinitely.

The Education Reserve balance was $3.9 million (fiscal 2007 - $3.3 million) at the period end.

	FISCAL 2008	FISCAL 2007	$ CHANGE	% CHANGE
OPENING BALANCE, APRIL 1	$ 3,341,429	$ 2,426,635	$ 914,794	38%
Additions	886,719	1,432,335	(545,616)	-38%
Investment income	154,414	127,310	27,104	21%
Disbursements	(494,007)	(644,671)	(150,664)	-23%
Closing Balance, March 31	3,888,555	3,341,429	547,126	16%
Commitments outstanding	(209,117)	(206,749)	2,368	1%
BALANCE, NET OF COMMITMENTS	$ 3,679,438	$ 3,134,680	$ 544,758	17%

We fund education projects both directly and in partnership with others. We evaluate each proposed project against criteria to assess the need for the project, the project's design and success measures, a potential partner's background and experience, and the degree to which the project's goals align with our service and operating plans. Education reserve disbursements totaled $0.5 million, $0.1 million lower than budget and $0.1 million lower than Fiscal 2007.

The following chart summarizes fiscal 2008 disbursements, and remaining commitments:

RECIPIENT	NATURE	PAID	REMAINING COMMITMENT
BC Crime Prevention Association	The BCCPA will use its website and other communication channels to promote InvestRight and the Red Flags campaign. To sponsor a BCCPA symposium and crime prevention week.	$ 18,717	$ 31,931
BCIT	To develop a specialty certificate in securities fraud analysis by building on existing certificate programs. BCIT and BCSC staff are developing a new 3 credit course, "Fraudulent Financial Statements", and substantially revising another, "Investigating a Securities Crime".	-	15,000
BCSC	Print media campaign using community newspapers throughout the province and the Vancouver Province to create awareness of BCSC and investment fraud	116,617	-
BCSC	Radio media campaign on CKNW, various community stations throughout the province to create awareness of the BCSC and investment fraud.	49,230	14,560
BCSC	Ethnic media campaign through lower mainland Chinese and South Asian radio stations	12,803	-
BCSC	Sponsor industry events. Deliver 1/2 day workshops on national mining instrument NI 43-101.	12,398	-
BCSC	To deliver workshops, events, and law enforcement outreach program.	10,117	26,883
Better Business Bureau	BBB will use its communication and distribution channels to promote InvestRight and the Red Flags campaign. To sponsor the BBB's Scam Jam, an annual crime prevention symposium.	32,450	10,000
Better Business Bureau Vancouver Island	To sponsor 13 Ethics Expos in 13 Vancouver Islands communities	13,204	20,098
Chinese Cultural Society	To create free online educational program for Chinese immigrants giving them an introduction to the Canadian capital markets.	7,103	173
Credit Unions	To develop online credit union fraud awareness education program for front line staff.	18,000	7,500
CUPE Education	To develop a train-the-trainer program to enable CUPE Education representative to incorporate the investRight program into their pre-retirement program.	663	4,337
Fraser Valley Pastors	To promote awareness about affinity fraud to the various religious communities in the Fraser Valley. To develop training materials for promoting the affinity fraud program at provincial level	75,605	24,395
Junior Achievement	To sponsor the Junior Achievement's "Dollars and Sense" program.	21,000	-
Mennonite Brethren Churches of Canada	To promote awareness of affinity fraud through the Mennonite Stewards' delivery of investor education to members of their 110 churches throughout BC.	5,702	10,073
Planning 10	To develop a measurement program and enhanced website for Planning 10: Finances. Introduced advocacy program through use of webinars. Working with the Financial Consumer Agency of Canada to develop a national resource based on Planning 10 materials.	61,673	-
SHARE	Shareholder Association for Research & Education is a non-profit organization established to promote responsible investment practices by pension funds. Share is developing a three-level education program for pension plan trustees.	22,083	44,167
Various	InvestRight materials and website enhancements.	16,642	-
TOTAL PAID AND REMAINING COMMITMENTS		$ 494,007	$ 209,117

FINANCIAL POSITION AND LIQUIDITY

Cash position

Cash and investments (including the fee stabilization reserve, but excluding amounts reserved for education) totaled $29.1 million at year-end (March 31, 2007 - $22.8 million). The increase is due to the fiscal 2008 surplus.

We had a working capital surplus of $13.7 million at year-end (March 31, 2007 - $0.8 million). We have sufficient liquidity and capital resources. In addition, we can draw on our $15.0 million fee stabilization reserve, when necessary.

Assets

Capital assets declined by $0.1 million to $3.0 million (March 31, 2007 - $3.1 million) because $0.8 million amortization (fiscal 2007 - $1.1 million) exceeded $0.7 million additions (fiscal 2007 - $0.2 million). Additions related primarily to information technology.

Liabilities

Deferred revenue increased $0.4 million to $6.5 million (March 31, 2007 – $6.1 million). Deferred revenue is calendar year registrations received in advance.

Accrued salaries increased $0.2 million to $2.5 million (March 31, 2007 – $2.3 million). The significant components of accrued salaries are $1.8 million for fiscal 2008 incentives and $0.5 million to accrue the five days since our last payroll before year-end.

QUARTERLY FINANCIAL INFORMATION

Prospectus and other statutory filing patterns normally generate surpluses from operations (excluding education reserve transactions) in the first and third quarters, offset by deficits in the second and fourth quarters. Due to strong market activity, the fourth quarter of fiscal 2007, and all fiscal 2008 quarters, generated surpluses.

($000s)	FISCAL 2008				FISCAL 2007			
	MAR.	DEC.	SEPT.	JUNE	MAR.	DEC.	SEPT.	JUNE
OPERATING								
Revenues	$ 8,827	$ 7,518	$ 7,458	$ 9,979	$ 7,908	$ 6,901	$ 7,261	$ 9,570
Expenses	7,229	7,130	6,969	7,045	7,372	6,716	7,447	7,017
Surplus (Deficit)	$ 1,598	$ 388	$ 512	$ 2,934	$ 536	$ 185	$ (186)	$ 2,552
EDUCATION								
Revenues	$ 396	$ 144	$ 295	$ 206	$ 304	$ 344	$ 84	$ 828
Disbursements	(197)	(65)	(166)	(66)	(79)	(13)	(353)	(200)
Surplus (Deficit)	$ 199	$ 79	$ 106	$ 140	$ 225	$ 331	$ (269)	$ 628
CONSOLIDATED								
Surplus (Deficit)	$ 1,797	$ 467	$ 618	$ 3,074	$ 761	$ 516	$ (455)	$ 3,180

RISKS AND OPPORTUNITIES

Fee revenue

As previously mentioned, we fund operations primarily from filing fees paid by market participants. Fee revenue fluctuates with market activity, rising in strong market conditions and falling in weak market conditions. We continuously monitor our fee structure and may propose changes to government to ensure we break even in future years.

Securities regulatory reform

We have been supporting government's work to implement the regulatory reforms outlined in the Provincial / Territorial Memorandum of Understanding Regarding Securities Regulation (Passport MOU), signed September 30, 2004 by provincial ministers responsible for securities regulation in all provinces and territories except Ontario. The Passport MOU proposes single window access to capital markets in participating provinces and territories, and a review of the regulatory fees charged in the context of the passport system. Changes to date have not materially affected our operations.

While the Passport MOU may ultimately change what we do and how we fund our operations, we have forecast no impact on our revenues and expenses because we expect any changes to have no net impact on our bottom line.

National electronic filing systems

We collect about 90% of our fee revenue through the SEDAR and NRD electronic filing systems. Under various agreements with the Canadian Securities Administrators, CDS Inc. (CDS) operates the SEDAR, SEDI, and NRD electronic filing systems. Should CDS become unable or unwilling to continue to operate them, the Canadian Securities Administrators would have to contract another party to host them.

National filing systems operating agreements

CDS operates the SEDAR and SEDI national filing systems on behalf of the CSA under agreements with the Alberta Securities Commission, British Columbia Securities Commission, Ontario Securities Commission, and *l'Autorité des marchés financiers*, together called the CSA Principal Administrators. CDS operates the NRD national filing system under agreements with the CSA Principal Administrators and the Investment Dealers Association. Under the agreements:

- The CSA Principal Administrators must pay CDS if the SEDAR system budgeted operating costs exceed revenues ("shortfall"). Our portion of any SEDAR shortfall is limited to 15.4%.
- CDS must pay SEDAR revenues in excess of system budgeted operating costs ("surplus") to the CSA Principal Administrators. Any surplus is not divisible; the CSA Principal Administrators own it as a group.
- CDS and the CSA Principal Administrators agree to share actual versus budgeted system operating cost ("expense") variances equally.

The Ontario Securities Commission is holding $23.9 million in trust. The funds are the national filing systems' accumulated surpluses and expense variances and interest earned on those amounts to March 31, 2008. The CSA Principal Administrators have agreed to use these funds only for the benefit of national filing system users through system enhancements or usage fee adjustments.

CONTRACTUAL OBLIGATIONS

Our contractual obligations as at March 31, 2008 are:

	TOTAL	< 1 YEAR	2 – 3 YEARS	4 – 5 YEARS	> 5 YEARS
Rent and operating costs (net of sublease recoveries)	7.0 million	1.9 million	3.8 million	1.3 million	–

CRITICAL ACCOUNTING ESTIMATES

Management must make estimates and assumptions when preparing the financial statements. Management makes those assumptions based on experience and current conditions and believes that they are reasonable. However, actual results may differ from management's estimates. In our financial statements, management has estimated the portion of amounts receivable that we will receive, the useful lives of our capital assets, and the value of employee leave liability.

Amounts receivable

We accrue amounts due when they meet generally accepted revenue recognition criteria. We recognize enforcement cost recoveries, penalties, and settlement amounts when we issue the decision or reach an agreement and the amounts are determined to be collectible.

Capital assets

We capitalize goods and services when their cost is greater than $2,000 and their benefit to us extends beyond the current fiscal year. We amortize the cost of our capital assets over their expected useful lives based on our experience with similar assets. Our capital assets consist primarily of leasehold improvements and information technology. New information could lead us to reduce or eliminate an asset's value or expected useful life.

Employee leave liability

Our employees accrue vacation and other leave entitlements based on their years of service. We have estimated the value of employee leaves not yet taken based on our employee records and attributed benefit costs to those leaves based on our experience. The actual value of employee leaves taken will vary depending on their particular circumstances.

OUTLOOK FOR FISCAL 2009

We expect a modest surplus in fiscal 2009: we expect market activity to decline and reduce fee revenue by $2.2 million (7%). We expect operating expenses to increase $2.2 million (8%) in fiscal 2009 due primarily to staff additions and higher salary costs.

STATEMENT OF MANAGEMENT RESPONSIBILITY

Management of the British Columbia Securities Commission is responsible for ensuring that the financial statements and other financial information in this annual report are complete and accurate.

Management, consisting of the Executive Director and her senior staff, has prepared the financial statements according to accounting principles that are generally accepted in Canada. The preparation of financial statements necessarily involves the use of estimates, which have been made using careful judgment. It is possible that circumstances will cause actual results to differ. Management does not believe it is likely that any differences will be material.

Financial information contained throughout this annual report, including the management discussion and analysis and the charts and figures in the body of the annual report, is consistent with these financial statements.

Management develops and maintains systems of control that give the Board reasonable assurance that management has:

- Operated within its authorized limits
- Safeguarded assets
- Kept complete and accurate financial records

The Board is responsible for establishing prudent rules of business and staff conduct. It is the Commission's policy to maintain the highest standards of ethics in all its activities. The Commission has created an employee conduct policy, including conflict of interest rules for employees and commissioners, to achieve those standards.

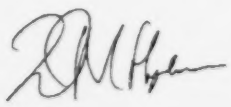
The Board is also responsible for ensuring that management fulfills its financial reporting and control responsibilities, and has appointed an independent audit committee to oversee the financial reporting process. The committee members are independent commissioners who do not participate in the day-to-day operations of the Commission. The audit committee meets regularly throughout the year with management, the internal auditors and the external auditors to review the:

- Financial statements
- Adequacy of financial reporting, accounting systems and controls
- Internal and external audit functions

The internal auditors are charged with the responsibility of reviewing and evaluating the adequacy of and compliance with the Commission's internal control standards. The internal auditors report the results of their reviews and make recommendations both to management and the audit committee. The external auditor's responsibility is to express an opinion on whether the financial statements, in all material respects, fairly present the Commission's financial position, results of operations, and cash flows in accordance with accounting principles that are generally accepted in Canada. The internal and external auditors have full and open access to the audit committee, with and without the presence of management.

The audit committee has reviewed these financial statements and recommended that the Board approve them.

The British Columbia Lieutenant Governor in Council has appointed the Auditor General to be the independent auditor of the Commission. The Auditor General has examined the financial statements and his report follows.



DOUGLAS M. HYNDMAN
Chair and Chief Executive Officer

BRENDA M. LEONG
Executive Director

Report of the Auditor General of British Columbia

To the Commissioners of the British Columbia Securities Commission, and

To the Attorney General, Province of British Columbia

I have audited the balance sheet of the *British Columbia Securities Commission* as at March 31, 2008 and the statements of operations, of surpluses, and of cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *British Columbia Securities Commission* as at March 31, 2008 and the results of its operations, its surpluses, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Victoria, British Columbia
April 24, 2008

John Doyle, MBA, CA
Auditor General

BALANCE SHEET

At March 31, 2008 (audited)

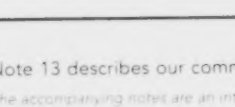
British Columbia Securities Commission Annual Report 2007/08

	2008	2007
ASSETS		
Current assets:		
Cash and short term investments (note 4)	$ 14,097,945	$ 9,791,726
Amounts receivable (note 5)	283,773	338,326
Prepaid expenses (note 6)	383,444	410,397
	14,765,162	10,540,449
Investments held for designated purposes (note 4)	18,888,555	16,341,429
Capital assets (note 7)	2,996,607	3,101,509
	$ 36,650,324	$ 29,983,387
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	$ 747,212	$ 680,966
Accrued salaries	2,517,104	2,260,551
Deferred revenue	6,514,029	6,086,021
Employee leave liability (note 8)	660,883	677,741
	10,439,228	9,705,279
Deferred rent	88,065	110,335
SURPLUSES		
General	7,234,476	3,826,344
Fee stabilization reserve (note 9)	15,000,000	13,000,000
Education reserve (note 9)	3,888,555	3,341,429
	26,123,031	20,167,773
	$ 36,650,324	$ 29,983,387

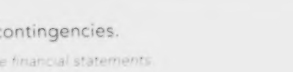
Note 13 describes our commitments and contingencies.

The accompanying notes are an integral part of these financial statements.

Approved by the Board:



DOUGLAS M. HYNDMAN
Chair



DAVID J. SMITH
Member

STATEMENT OF OPERATIONS

For the year ended March 31, 2008 (audited)

British Columbia Securities Commission Annual Report 2007/08

	2008	2007
REVENUES		
Fees		
Prospectus and other distributions	$ 18,268,660	$ 16,322,593
Registration	9,226,928	8,691,771
Financial filings	4,530,617	5,032,260
Exemptive orders and other	518,106	512,467
Administrative penalties and designated settlements (note 10)	886,719	1,432,335
Enforcement cost recoveries (note 10)	1,667	300,208
Investment income	1,389,906	907,116
	34,822,603	33,198,750
EXPENSES		
Salaries and benefits (note 12)	21,666,784	21,281,068
Professional services	1,694,144	2,002,771
Occupancy	1,910,742	1,784,962
Depreciation	842,502	1,074,890
Information management	785,377	822,608
Education reserve (note 9)	494,007	644,671
External communications	307,621	384,692
Administration	313,955	373,443
Staff training	358,380	356,813
Business travel	349,583	325,072
Telecommunications	144,250	145,591
	28,867,345	29,196,581
EXCESS OF REVENUES OVER EXPENSES	$ 5,955,258	$ 4,002,169

The accompanying notes are an integral part of these financial statements.

STATEMENT OF SURPLUSES

For the year ended March 31, 2008 (audited)

British Columbia Securities Commission Annual Report 2007/08

	GENERAL	FEE STABILIZATION RESERVE (NOTE 9)	EDUCATION RESERVE (NOTE 9)	TOTAL
BALANCE, MARCH 31, 2006	$ 1,738,969	$ 12,000,000	$ 2,426,635	$ 16,165,604
Excess of revenues over expenses	4,002,169	–	–	4,002,169
Appropriation during the year	(1,914,794)	1,000,000	914,794	–
BALANCE, MARCH 31, 2007	$ 3,826,344	$ 13,000,000	$ 3,341,429	$ 20,167,773
Excess of revenues over expenses	5,955,258	–	–	5,955,258
Appropriation during the year	(2,547,126)	2,000,000	547,126	–
BALANCE, MARCH 31, 2008	$ 7,234,476	$ 15,000,000	$ 3,888,555	$ 26,123,031

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended March 31, 2008 (audited)

British Columbia Securities Commission Annual Report 2007/08

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from fees	$ 32,886,384	$ 30,993,072
Cash receipts from penalties and settlements	950,513	1,543,047
Cash paid to and on behalf of employees	(21,408,978)	(21,605,930)
Cash paid to suppliers and others	(6,202,924)	(6,587,085)
Investment income received	1,370,406	907,116
	7,595,401	5,250,220
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Paid for capital assets	(742,056)	(239,321)
Net increase in cash and cash equivalents	6,853,345	5,010,899
Cash and cash equivalents, beginning of year	26,133,155	21,122,256
Cash and cash equivalents, end of year	$ 32,986,500	$ 26,133,155
Represented by:		
Cash and short term investments	$ 14,097,945	$ 9,791,726
Investments held for designated purposes	18,888,555	16,341,429
	$ 32,986,500	$ 26,133,155

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

The British Columbia Securities Commission is a Crown corporation created by the Province of British Columbia on April 1, 1995. We are responsible for the administration of the *Securities Act*. As a government agency, we pay only those taxes paid by the provincial government.

2. SIGNIFICANT ACCOUNTING POLICIES

Management has prepared these financial statements according to accounting principles that are generally accepted in Canada. The important accounting policies used are:

a) Short term and designated investments

Under BC law, we must invest any money that we receive, but do not immediately need, in an investment pool that the British Columbia Investment Management Corporation, a BC government organization, administers. We buy units in pooled investment funds that invest primarily in:

- Canadian money market instruments maturing within 15 months
- Canadian bonds issued or guaranteed by the government of Canada or a provincial government and maturing within 10 years

Any earnings from our investments are reinvested in the same fund and add to the carrying value of the units we own.

We value our short term investments and investments held for designated purposes at their market value. The fair value of short term investments and investments held for designated purposes is considered to be the market value. Fair value is the amount that would be agreed upon by two unrelated parties to a transaction who have full knowledge of all relevant facts and who are under no obligation to act.

b) Capital assets

We record our capital assets at cost. We depreciate them using the straight line method over their useful lives. We estimate the useful lives of our assets to be as follows:

- Information technology assets—4 years
- Leasehold improvements—the length of the remaining lease term or the length of the estimated useful life of each improvement, whichever time is shorter
- Office furniture and equipment—10 years

c) Revenue

We accrue prospectus and other statutory filing fees when filings are made and collectibility is assured. The amounts due and their collectibility are normally determined simultaneously, as most filings are paid for immediately.

Registration fees are paid to us in advance. We recognize only the portion of fees that relate to the registration period falling in the current fiscal year as revenue. We treat the balance as deferred revenue and recognize it as income in the next year.

We recognize administrative penalties and designated settlements after we issue a decision or reach an agreement and determine the amounts are collectible.

d) Estimates

Canadian generally accepted accounting principles require management to make estimates and assumptions for certain amounts disclosed in the financial statements.

In our financial statements, management has estimated the:

- Portion of amounts receivable that we will receive
- Useful lives of capital assets
- Value of the employee leave liability

Results may differ from these estimates.

3. FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalent assets, accounts and amounts receivable, accounts payable and accrued liabilities, accrued salaries, and employee leave liability approximate their fair value because of their short maturity dates.

Short term investments and investments held for designated purposes are subject to credit risk and interest rate risk. Credit risk is the risk that investment values will fluctuate because debtors cannot pay. We believe this risk is low because most of our investments are in government securities. Interest rate risk is the risk that investment values will fluctuate because of changes in market interest rates. We mitigate this risk by investing primarily in short term instruments.

4. INVESTMENTS

Investments are carried at market value, and consist of:

	2008			2007		
	UNITS	EXPECTED RETURN	MARKET VALUE	UNITS	EXPECTED RETURN	MARKET VALUE
SHORT TERM INVESTMENTS INCLUDED IN CASH						
Pooled Canadian Money Market Fund ST2	0.34	–	$ 1,219,968	–	–	$ –
INVESTMENTS HELD FOR DESIGNATED PURPOSES						
Cash	–	–	$ –	–	–	$ 688,768
Pooled Canadian Money Market Fund ST2	3.10	3.27%	11,173,618	2.72	4.50%	9,328,237
Short Term Bond Fund	3.75	3.28%	7,714,937	3.28	4.15%	6,324,424
		3.27%	$ 18,888,555		4.17%	$ 16,341,429

5. AMOUNTS RECEIVABLE

Amounts receivable consist of:

	2008	2007
Settlement sanctions	$ 127,369	$ 189,496
Hearing, legal, and other cost recoveries	106,185	100,000
Employee advances and other	50,219	48,830
	$ 283,773	$ 338,326

6. PREPAID EXPENSES

Prepaid expenses consist of:

	2008	2007
IDA registration processing fees	$ 283,023	$ 263,437
Information technology maintenance contracts	93,421	136,483
Other	7,000	10,477
	$ 383,444	$ 410,397

7. CAPITAL ASSETS

Capital assets consist of:

	2008			2007
	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	NET BOOK VALUE
Leasehold improvements	$ 4,117,540	$ 2,650,768	$ 1,466,772	$ 1,759,374
Office furniture	2,054,213	1,338,172	716,041	716,577
Office equipment	678,816	518,285	160,531	185,390
Information technology	2,072,683	1,419,420	653,263	440,168
	$ 8,923,252	$ 5,926,645	$ 2,996,607	$ 3,101,509

8. EMPLOYEE LEAVE LIABILITY

Employee leave liability is what we owe to our employees for their accumulated vacation time and other leave entitlements not yet taken.

9. RESERVES

	FEE STABILIZATION (A)	EDUCATION (B)	TOTAL
BALANCE, MARCH 31, 2006	$ 12,000,000	$ 2,426,635	$ 14,426,635
Additions and appropriations	1,000,000	1,432,335	2,432,335
Investment income allocation	–	127,130	127,130
Disbursements	–	(644,671)	(644,671)
BALANCE, MARCH 31, 2007	$ 13,000,000	$ 3,341,429	$ 16,341,429
Additions and appropriations	2,000,000	886,719	2,886,719
Investment income allocation	–	154,414	154,414
Disbursements	–	(494,007)	(494,007)
BALANCE, MARCH 31, 2008	$ 15,000,000	$ 3,888,555	$ 18,888,555

a) Fee stabilization reserve

We appropriate amounts from our general surplus to the fee stabilization reserve so temporary revenue reductions will not immediately impair our ability to operate, or require immediate fee increases. This year, we appropriated $2 million (fiscal 2007 - $1 million) of the general surplus to the fee stabilization reserve.

b) Education reserve

We order administrative penalties and disgorgements under the *Securities Act*. We also negotiate settlement amounts. We appropriate revenue from penalties, settlements, and unclaimed disgorgements to our Education Reserve, which we spend only to educate securities market participants and members of the public about investing, financial matters, or the operation or regulation of securities markets. We mix education reserve funds with our other funds for investment purposes, so we allocate a portion of our investment income to the education reserve.

10. ENFORCEMENT SANCTIONS AND COST RECOVERIES

Revenues depend on the timing of enforcement actions completed during the period and on our ability to collect assessed amounts. Collecting enforcement revenues can be difficult because respondents often have limited assets, poor credit, or have left British Columbia.

During fiscal 2008, enforcement sanctions and cost recoveries of $22.8 million (fiscal 2007 - nil) was not recognized as revenue because collectability was unlikely. We vigorously pursue all uncollected amounts.

11. RELATED PARTY TRANSACTIONS

We are related through common ownership to all provincial government ministries, agencies, and Crown corporations. We conducted all transactions with these entities as though we were unrelated parties.

12. POST-RETIREMENT EMPLOYEE BENEFITS

We, and our employees, contribute to the Public Service Pension Plan, a multi-employer plan established for the benefit of certain British Columbia public service employees. The plan is contributory, and its basic benefits are defined. The plan has about 47,000 active members and approximately 35,000 retired members. A board of trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of assets and administration of benefits.

An actuarial valuation of the plan is performed every three years to assess the financial position of the plan. The latest valuation, as at March 31, 2005, indicated a $767 million unfunded liability for basic pension benefits. In addition to basic benefits, the plan also provides supplementary benefits, including inflation indexing. These supplementary benefits are paid only to the extent that they have been funded, which is currently done on a "pay-as-you-go" basis. The plan's unfunded liability would increase to $2,208 million if indexed benefits were funded in advance. Surpluses and deficits are not attributable to individual employers, but affect future contribution levels. We charged $1,457,741 to expense for employer contributions during the period (fiscal 2007 - $1,432,252).

13. COMMITMENTS AND CONTINGENCIES

a) Office lease

We have leased office space to November 30, 2011. Our annual rent, net of sublease recoveries is approximately $925,000. We also pay our share of building operating and maintenance costs.

b) National filing systems operating agreements

CDS INC. (CDS) operates the SEDAR and SEDI national filing systems on behalf of the Canadian Securities Administrators (CSA) under agreements with the Alberta Securities Commission, British Columbia Securities Commission, Ontario Securities Commission (OSC), and *l'Autorité des marchés financiers* (AMF), together called the CSA Principal Administrators. CDS operates the NRD national filing system under agreements with the CSA Principal Administrators and the Investment Dealers Association (IDA). Under the agreements:

- The CSA Principal Administrators must pay CDS if the SEDAR system budgeted operating costs exceed revenues ("shortfall"). Our portion of any SEDAR shortfall is limited to 15.4%.
- CDS must pay SEDAR revenues in excess of system budgeted operating costs ("surplus") to the CSA Principal Administrators. Any surplus is not divisible; the CSA Principal Administrators own it as a group.
- CDS and the CSA Principal Administrators agree to share actual versus budgeted system operating cost ("expense") variances equally.

The OSC is holding $23.9 million in trust. The funds are the national filing systems' accumulated surpluses and expenses variances and interest earned on those amounts to March 31, 2008. The CSA Principal Administrators have agreed that we will use these funds only for the benefit of national filing system users through system enhancements or usage fee adjustments.

c) Legal actions

We are involved in legal actions arising from the operation of our business. The outcome and ultimate disposition of these actions are not yet determinable. We do not expect the outcome of any of these proceedings, individually or in total, to have a material impact on our financial position.

ENFORCEMENT & EDUCATION FUND REPORTS

ENFORCEMENT REPORT

Market misconduct, including investment fraud, poses a significant risk to the integrity of British Columbia's capital markets and investor confidence. A credible enforcement program is a powerful tool to ensure compliance and deter inappropriate and illegal market conduct, and sends a strong message to the market and public.

PROTECTING INVESTORS AND MARKET INTEGRITY

Our Enforcement division aims to achieve timely enforcement through early intervention and the pursuit of cases that will deter future misconduct. Staff investigate market misconduct, and bring cases before Commission panels at administrative hearings. Commission panels have broad powers under the Act to take action against market misconduct, including ordering the disgorgement of ill-gotten gains. Commission decisions and settlements act as a deterrent to those who seek to harm investors and our capital markets. We also take decisive action through temporary orders to intervene and stop ongoing misconduct. This allows us to proactively protect investors who might fall victim to fraud or abusive activity and to ensure market integrity.

COLLABORATIVE ENFORCEMENT

We work with securities regulators in other jurisdictions to reciprocate market bans, share information, and conduct investigations. Under BC law, we do not have the power to conduct prosecutions, so we must collaborate with other agencies that can pursue criminal cases in the courts. We work with the police, Crown counsel, and financial institutions to create awareness of investment fraud to enhance the chances of identifying it in its early stages. By working with others, we attempt to deter misconduct that can damage our capital markets and harm BC and Canadian investors.

IN MARCH 2008, THE FINANCIAL SERVICES AUTHORITY CREDITED THE BCSC AND THE OSC WITH HELPING IT RETURN MORE THAN £1 MILLION TO 153 UNITED KINGDOM INVESTORS WHO HAD BEEN VICTIMIZED IN A BOILER ROOM SCAM.

PUBLIC OUTREACH

Awareness and education can help detect, stop, and prevent investment fraud. The enforcement division plays an active role in the Commission's InvestRight program. Enforcement staff participate in delivering investor fraud courses to the police and take part in province-wide education seminars. They also work with Communications & Education staff to issue public warnings and *Investor Alerts* about possible fraudulent investment schemes through the InvestRight and BCSC corporate websites. Commission staff also communicate through the news media, internet, and face-to-face seminars to increase fraud awareness and reporting.

1 2 3 4

HOW THE BCSC HANDLES ENFORCEMENT CASES

1 THE ENFORCEMENT PROCESS STARTS WITH A:

- *Complaint from an investor or securities industry participant*
- *Referral from another agency*
- *Referral from the BCSC's Intelligence & Assessment branch*
- *Referral from another BCSC division*

2 THE BCSC'S ASSESSMENT UNIT REVIEWS EACH COMPLAINT OR REFERRAL AND CAN THEN:

- *Resolve and close the file with a caution letter*
- *Refer it to another agency, for example, a criminal case would be referred to a law enforcement agency*
- *Refer to the executive director and Communications & Education division to issue an Investor Alert*
- *Refer it to the BCSC's investigation branch*
- *Refer it to the BCSC's Capital Markets Regulation or Corporate Finance division if it involves a registrant or public company*

3 AFTER INVESTIGATING A CASE, THE INVESTIGATION BRANCH CAN:

- *Resolve and close the file with a caution letter*
- *Refer it to the Litigation branch*
- *Resolve it through a negotiated settlement*

4 THE LITIGATION BRANCH REVIEWS EACH CASE AND CAN:

- *Pursue it through a hearing before a panel of BCSC commissioners*
- *Resolve it through a negotiated settlement*

ENFORCEMENT ACTIVITY APRIL 1, 2007 – MARCH 31, 2008

WE HANDLED 182 COMPLAINTS LAST YEAR. MANY OF THESE REPRESENTED MULTIPLE VIOLATIONS INCLUDING:

86 related to unregistered activity
65 related to illegal sales of securities
34 related to fraud
19 related to registrant misconduct
47 related to director and officer misconduct
41 involving misrepresentations
19 related to insider trading
33 involving civil disputes outside our mandate

WE BEGAN THE YEAR WITH 12 NOTICES OF HEARING OUTSTANDING. AT YEAR-END, WE HAD SIX NOTICES OF HEARING OUTSTANDING. HERE IS THE ENFORCEMENT ACTIVITY BEGINNING APRIL 1, 2007:

7 new notices of hearing (including 4 temporary orders)
5 decisions issued
12 sanction decisions (including 4 settlement orders)
20 settlement agreements

ENFORCEMENT HIGHLIGHTS

We post all notices of hearing, decisions, and settlements in the enforcement section of our website, where they are searchable by name and keyword.

INVESTOR ALERTS AND TEMPORARY ORDERS

WE USE INVESTRIGHT ALERTS AND TEMPORARY ORDERS TO TRY TO DISRUPT, STOP, AND PREVENT ILLEGAL INVESTMENT ACTIVITIES.

Gold-Quest International

On March 5, 2008, the BCSC and the Manitoba Securities Commission announced they were investigating an investment that offered people an unusually high annual return—87.5%—plus commissions for bringing in new investors.

The regulators reported that residents of British Columbia and Manitoba (as well as elsewhere in Canada) had been approached to invest in a "family and friends private placement program" in which Gold-Quest International, an offshore company, would trade in foreign exchange markets (FOREX) on their behalf.

In addition, persons purporting to represent Gold-Quest told investors they could also earn money by referring new investors to the program. They were offered an immediate commission of 10 per cent of the amount a referred person invests and an ongoing monthly commission of four per cent for 12 months. These promoters were not registered to sell securities in either British Columbia or Manitoba.

SETTLEMENTS

IN A SETTLEMENT AGREEMENT, THE PERSON SUBJECT TO THE ALLEGATIONS ADMITS TO MISCONDUCT AND CONSENTS TO AN ENFORCEMENT ORDER, A FINANCIAL PAYMENT, OR ANOTHER APPROPRIATE REMEDY.

Kevin Jason Steele, David John Fulkco, and Wallace (Wally) Gerard Fulkco

Kevin Jason Steele, David John Fulkco and his father Wallace (Wally) Gerard Fulkco solicited investors to enter into investment contracts with Steele's trading business.

Between October 2002 and May 2005, the men solicited investors to enter into investment contracts with Steele's trading business that promised a return of eight per cent per month. Steele misrepresented to investors and to the Fulkcos that he was a successful commodity futures contract trader who would use their money for trading. He created fictitious account statements that showed false trading profits for commodity futures contracts.

A total of 226 investors, of which 174 were BC residents, paid money to Steele. The Fulkcos, who relied on the false information provided by Steele, solicited 214 investors. Steele misappropriated about US $1.9 million of investors' money for his own use. He also used approximately US $1.8 million to pay commissions and supposed profits on the investments.

In November 2005, a United States court ordered Steele to pay investors approximately US $7.4 million in restitution and ordered a civil monetary penalty of US $6.2 million against him. In May 2006, Steele pleaded guilty in BC provincial court to one count of fraud over $5,000. The court sentenced him to six years in prison.

Under separate settlement agreements, Steele is prohibited for his lifetime from buying or selling securities except in limited circumstances, from acting as a director or officer of any issuer, and from engaging in investor relations. David Fulkco is prohibited for 15 years from buying or selling securities except in limited circumstances, from acting as a director or officer of any issuer, and from engaging in investor relations. Wally Fulkco is prohibited for 10 years from buying or selling securities except in limited circumstances, from acting as a director or officer of any issuer, and from engaging in investor relations.

Albert Stephen Budai and StockDepot Information Services Corp.

Between December 2001 and January 2004, StockDepot Information Services Corp. and Albert Stephen Budai, the company's majority stockholder and president, raised approximately $1.4 million by issuing company shares to 49 investors—25 in BC— without registration or filing a prospectus.

Budai, a former BC resident, admitted he committed fraud through a practice called "scalping" in which he bought and then sold the rising shares of companies he profiled in subscription-based publications and on a radio talk show. Budai did not tell his readers or radio show listeners that he was going to sell, or had sold, his shares after profiling the companies. He also admitted that he committed fraud when he bought internet domain names and sold them to StockDepot at inflated prices without disclosing to investors that he received money from the sale.

Under the settlement agreement, Budai and StockDepot are permanently banned, with limited exceptions, from trading or purchasing securities. Budai is also permanently prohibited from acting as a director or officer of any issuer, except a private issuer in which he or his immediate family members are the sole shareholders. He cannot engage in investor relations activities in his lifetime.

Budai and StockDepot consented to an order from the Supreme Court of British Columbia that may help investors partially recoup their losses. The Court order, granted on October 9, 2007, requires StockDepot to give all profits from the sale of its domain names to the BCSC. If the Commission receives money from the sale of the domain names, we must notify the public. Affected investors can then make a claim for their losses through the court without having to pursue expensive and time-consuming civil litigation on their own.

FINDINGS, HEARINGS AND DECISIONS

FOLLOWING A HEARING, IF A COMMISSION PANEL FINDS THAT ALLEGATIONS OF MISCONDUCT ARE PROVEN, THE COMMISSIONERS CAN MAKE ENFORCEMENT ORDERS AND IMPOSE FINANCIAL PENALTIES.

Ian Gregory Thow

A BCSC panel used recent legislative amendments for the first time in December 2007 to fine Ian Gregory Thow, a former mutual fund salesperson with Berkshire Investment Group Inc., $6 million. The panel also banned Thow permanently from participating in the province's capital markets.

On October 16, 2007, the panel found that Thow had perpetrated a fraud, made misrepresentations, traded in securities without being registered, and failed to deal fairly, honestly, and in good faith with his clients when he took millions of dollars from them. The panel considered the evidence of 26 clients—24 from BC and two from Alberta— whom Thow had convinced to invest $8.7 million, primarily in construction loans and shares of a Jamaican bank. Thow had advised some to sell their mutual funds and to mortgage their homes to raise the money. The panel found that neither the construction loans nor the shares existed.

Thow used the clients' money to buy personal items, including luxury cars, a yacht, and a personal business jet. He also paid off business loans and paid other business expenses. The clients lost most or all of their money, $6 million in total.

"This case represents one of the most callous and audacious frauds this province has seen," the panel said in its October findings.

After receiving submissions, the panel applied amendments to the *Securities Act* sanction provisions, which came into effect in 2006 and 2007. The amendments increased the maximum administrative penalties for contraventions of the Act, and added new powers for issuing administrative orders. Thow has appealed the Commission's sanction decision.

International Fiduciary Corp SA, Daniel Eric Byer, Malcolm Cameron Boyd Stevenson, and Preston Pinkett II

On February 20, 2008, a BCSC panel found that Malcolm Cameron Boyd Stevenson and Daniel Eric Byer, both Abbotsford residents, and Preston Pinkett II, a resident of Virginia, violated securities laws and perpetrated a fraud through an investment vehicle called International Fiduciary Corp SA (IFC).

The panel ordered Byer, Stevenson, and Pinkett to pay $12.7 million into court for operating a fraudulent scheme that bilked 89 BC investors out of millions of dollars. The panel also permanently banned the men from the province's capital markets and ordered them to pay $4 million in administrative penalties.

The men ran the IFC scheme between April 2004 and November 2006. They promised investors a return of six per cent per month, telling them that IFC's "asset growth program" made this possible by buying securities called "1st tier medium term bank notes" at a discount and then selling them for a profit. The men told investors that their money was not at risk and that it would be in their control at all times in a US bank account and could be withdrawn on short notice.

In fact, the asset growth program did not exist. Nor was the investors' money under their control after it was invested. The program turned out to be an illegal pyramid scheme that took over $23.3 million from BC investors, who received payments of only about $10.3 million in return. The evidence showed that Pinkett distributed a total of some $5.5 million to Stevenson, $4.8 million to himself, and $2.4 million to Byer. Stevenson, Pinkett, and Byer used the money to enrich themselves and to keep the scheme going.

The panel applied amendments to the *Securities Act* sanction provisions. The amendments, which came into effect in 2006 and 2007, increased the maximum administrative penalties for contraventions of the Act, and added new powers for issuing administrative orders, including disgorgement orders. In this case, the panel ordered the men to disgorge the funds into the courts where investors may have the chance to recover their losses.

Brian David Anderson

The BCSC permanently banned Brian David Anderson, a White Rock man, from trading securities and fined him for contravening numerous sections of the *Securities Act*.

On April 25, 2007, a Commission panel ruled that Anderson perpetrated a fraud, made misrepresentations, and distributed securities illegally in his efforts to promote two investments. Anderson created and promoted Frontier Assets and the Alpha Program, both of which the panel found to be fraudulent.

The Alpha Program was an investment scheme in which investors purchased units of "desks" that were purportedly part of a new commodity exchange called Flat Electronic Data Interchange (FEDI). Anderson did not invest any of his own money in FEDI, which never commenced operations. The panel found that he disbursed about US$3.6 million of investors' money on things other than FEDI, and that many of the statements he made to Alpha Program investors were misrepresentations.

Anderson raised some $14.7 million from the two investments from 352 investors, 57 of whom were BC residents. There was no evidence to suggest this money would be repaid. The panel ordered Anderson permanently banned from trading securities, from holding a position as a director or officer of any issuer except in limited circumstances, and from engaging in investor relations. The panel also ordered Anderson to pay $250,000, the maximum administrative penalty available under the Act at the time of his misconduct.

Edward Bernard Johnson

A BCSC panel ordered Edward Bernard Johnson, a BC securities broker, to pay a $68,000 administrative penalty. The panel also suspended Johnson for allowing a third party to trade in the account of a client without proper authorization, and for misleading Commission investigators.

Johnson admitted that between April 2000 and September 2004, he contravened IDA (IIROC) rules when he allowed Stanley Steven Ross to trade in a client's account without proper authorization. Ross, who was under a Commission order prohibiting him from trading securities, instructed Johnson in connection with about 400 of the 450 trades in the account. Johnson executed the trades, even though he did not have the account holder's authority to accept instructions from Ross.

Noting that the evidence did not show that Johnson knew that Ross was banned from trading, the panel said that had Johnson followed IDA rules, he would have discovered that fact and could have avoided executing the trades.

Johnson's suspension was set for two months from September 1 to November 1, 2007, or until he paid the administrative penalty. Following the suspension, Johnson will be subject to six months of close supervision by his employer firm. The fine remained unpaid at time of publication.

BCSC EDUCATION FUND

The BCSC established an education fund in 1991 to receive revenue from administrative penalties imposed on market participants who violate securities legislation. Under the *Securities Act*, we may spend this money only on investor and industry education.

During the year, we focused our investor education activity, and education fund disbursements, on three broad objectives:

- Creating awareness and reporting of investment fraud
- Encouraging people to protect themselves and invest wisely
- Promoting our role as an educator

CREATING AWARENESS AND REPORTING OF INVESTMENT FRAUD

This was the first full year for our InvestRight brand, which we launched in October 2006. The InvestRight website is our primary vehicle for delivering investor education. It features tools and information designed to help investors avoid and report investment fraud and assess investment opportunities.

During the year, we used radio and newspaper advertising to reach investors in BC regions known to have experienced investment fraud, including Vancouver Island and the Central and North-central Interior. We also targeted the Chinese and South Asian ethnic communities through Lower Mainland-based media outlets to raise awareness and encourage reporting of investment fraud.

ENCOURAGING PEOPLE TO PROTECT THEMSELVES AND INVEST WISELY

We spend a significant proportion of our education fund disbursements to support the InvestRight seminar program and a variety of targeted partnerships with community-based organizations that help us take our investor protection message to many BC regions. Our partners include the Better Business Bureaus of Mainland BC and Vancouver Island, the BC Crime Prevention Society, the Canadian Conference of Mennonite Brethren Churches (Mennonite Brethren), and a pair of Fraser Valley pastors known as "God's Fraud Squad". During the year, BCSC staff presented 67 InvestRight seminars and attended four trade shows while our partners delivered 53 seminars.

The education fund supported the creation of an innovative resource with partner CUSOURCE Knowledge Network. This is an online education module to teach credit union employees how to detect and prevent investment fraud so they can help members who may be at risk of investing in a scam. The innovative new module is now available to nearly 30,000

credit union system employees in English-speaking Canada through 472 credit unions (51 in BC) with 1,772 locations (BC: 360) serving more than 5 million members (BC: 1.6 million).

PROMOTING OUR ROLE AS AN EDUCATOR

Teaching financial life skills and raising awareness about their importance is a priority for our Commission. Financial life skills are the ability to manage money with knowledge and confidence throughout one's life.

Since 2004, we have provided the award-winning Planning 10: Finances teaching resource to BC educators who teach finances to grade 10 students. Fourteen hundred teachers in all 60 school districts have requested it. We support teachers using the resource with peer-teacher webinar training sessions. There is no charge for the webinars and teachers can conveniently access them by phone and computer from anywhere in the province.

To assess the long-term impact of Planning 10: Finances, we partnered last year with the Kelowna School Board, which had been conducting surveys with high school graduates for some time. The survey delivered a number of findings:

- 2007 graduates, who had taken Planning 10: Finances, reported learning more in high school about managing finances than had 2005 graduates, who said they were generally not satisfied with their high school preparation for managing finances
- 2007 graduates were more likely than 2005 graduates to have written a transitional financial plan
- While almost all graduates said that they were saving money, more 2007 graduates were saving for a specific purpose

RESOURCES FOR INVESTORS

If you have questions regarding your financial adviser, investment firm, or an investment type, or if you would like to make a complaint, please call our Inquiries Group at **604.899.6854**
Outside Metro Vancouver
Phone: **1.800.373.6393**
(BC and Alberta only)
E-mail: **inquiries@bcsc.bc.ca**

The BCSC's **InvestRight** website offers a range of tools to help investors develop critical thinking skills. Tools include a "Scam Meter," which allows investors to see if the investment they are considering shares any traits with past scams.

The site also enables visitors to conduct background checks, and provides information on a variety of investment products, and links to videos in which victims impacted by fraud tell their personal stories. New in fiscal 2008 was the "Get Ready to Retire" education module.
The BCSC corporate website offers information to promote understanding of the financial system and to help investors make financial decisions. The information is not a substitute for financial or other professional advice. Always consult a professional adviser if you need financial advice about your personal circumstances.

The following links will take you to BCSC databases for further information:

- Check an adviser's credentials
- Track insider trading reports
- View our disciplined persons list
- See BCSC rules, policies, and decisions

For information about public companies and mutual funds, visit the SEDAR website **www.sedar.com**

For information about insider trading activity and viewing insider reports online, visit the SEDI website at **www.sedi.ca**

BRITISH COLUMBIA SECURITIES COMMISSION

PO Box 10142, Pacific Centre

Suite 1200 – 701 West Georgia Street

Vancouver, BC V7Y 1L2

T. 604.899.6500

F. 604.899.6506